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| Austria | Sch22 | Indonesia | Rp3100 | Oman | Or 1 |
| Bahrain | Din0.700 | Iran | Rls210 | Philippines | Pes40 |
| Belgium | BFr60 | Israel | NS3.50 | Portugal | Esc140 |
| Cyprus | C£0.90 | Italy | L1700 | Qatar | Qr9.50 |
| Denmark | DKr10.00 | Jordan | Fils.500 | S.Arabia | Rls7.00 |
| Egypt | E£3.25 | Kuwait | Fils.800 | Singapore | S$4.10 |
| Finland | Fmk7.00 | Lebanon | £250.00 | Spain | Pta145 |
| France | FFr7.00 | Lux | LFr50 | Sweden | SKr10 |
| Germany | DM2.20 | Malaysia | Rin4.25 | Switz | SFr2.40 |
| Greece | Dr120 | Morocco | Dh8.00 | Thailand | Bht30 |
| Hong Kong | HK$12 | Neth | Fl3.00 | Tunisia | Din0.800 |
| Iceland | Ikr125 | Nigeria | Naira10 | Turkey | L300 |
| India | Rup15 | Norway | Nkr10.00 | UAE | Dh7.00 |

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

No.30,904 Wednesday July 26 1989 D 8523A

**UK ECONOMICS**

**'Soft landing' is wishful thinking**

Page 21

## World News

### Ruling Soviet appeals for calmness and unity

An urgent appeal for unity and calm in the Soviet Union in the face of the latest outbursts of race riots and industrial unrest was issued by the Supreme Soviet, Moscow's revitalised national parliament.

The appeal came as ethnic tension in the republic of Georgia spread from the Black Sea coast to the regional capital, Tbilisi. Page 22

**Bloch under scrutiny**

Felix Bloch, a top US diplomat suspected of espionage, is at the centre of a bizarre surveillance exercise by the FBI, Soviet embassy personnel and journalists. Page 22

**Star Wars setback**

US House of Representatives voted to cut 'Star Wars' anti-missile research from $4.9bn to $3.1bn, despite arguments that this would delay a decision on deploying the defence system until the next century.

**Hungarian reform**

President Mikhail Gorbachev gave a warm reception for plans for multi-party democracy in Hungary. Page 2

**Israeli plans**

Israel is reviving controversial plans to rehouse 350,000 Palestinian refugees living in camps in the Gaza strip and the West Bank. Page 4

**Brazilian corruption**

A melodramatic exchange of corruption allegations all but sank a spirited attempt by President Jose Sarney of Brazil to rehabilitate his widely discredited government. Page 5

**Iran-Contra charges**

US judge granted the request of special prosecutor Lawrence Walsh to dismiss some serious charges against former National Security Adviser John Poindexter in the Iran-Contra case.

**Japanese union role**

Japanese trade unions have returned from the political wilderness to play a key role in the current crisis after scoring election victories. Page 4

**Cambodian impasse**

Talks between leaders of Cambodia's rival factions have broken up only days before an international conference to solve the country's problems. Page 4

**Khashoggi bail set**

A US federal judge set bail at $10m for Saudi Arabian financier Adnan Khashoggi, charged with aiding former Philippine president Ferdinand Marcos in a real estate fraud.

**HK refugee clash**

Clash developed between the Hong Kong Government and UN staff who claimed a number of Vietnamese refugees were beaten up by police. Page 4

**Ku Klux Klan course**

Seven former members of the Ku Klux Klan in the US have agreed to take a course in race relations.

**President elected**

Spanish socialist Enrique Baron was elected president of the European Parliament.

**Rebels down aircraft**

Angola's Unita rebels shot down a plane on an internal flight, killing 42 people.

## Business Summary

### US considers new taxes on foreign takeovers

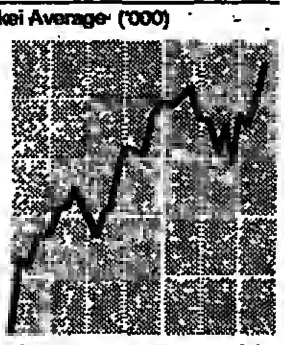
A US Congressional committee is considering a proposal, which has the tacit approval of the Bush Administration, that would impose new taxes on foreign buyers of US companies — a move which could affect the proposed £13bn ($21bn) over of BAT Industries, the UK conglomerate.

The proposed Bill would impose a 30 per cent withholding tax on the sale proceeds when US subsidiaries acquired by foreign companies are then disposed of. Page 23

NIKKEI average advanced 445.57 to a record high of 34,538.90, the first time the Nikkei average has reached a new high since May 31. Page 46

**Japan**

Nikkei Average ('000)



STC, UK electronics group, is discussing joint ventures with European partners for its ICL subsidiary. Page 23

CHRISTIES International, UK-based art dealers, reported worldwide sales exceeding $1.6bn for 1988-89. Page 23

OECD, Organisation for Economic Co-operation and Development, called on Portugal to take urgent steps to cool its economy. Page 2

M&A, specialist magazine, survey shows strength of cross-border mergers and acquisitions in Europe grew with deals valued at almost $16.6bn. Page 23

CONTROL Data, US computer group, reported a near $500m loss following major restructuring moves. Page 23

TEXAS Eastern, US gas transmission company, may pull out of a $961m deal to sell its UK oil and gas subsidiary to Enterprise Oil, UK independent oil company. Page 23

CBI, UK employers organisation, said optimism about UK business outlook was at seven-year low. Page 22

SOUTH Korea is opening its market to imports of tropical products from developing countries. Page 3

MOLSON Companies, Canadian brewer, is committing up to $112.1m to secure management control at Elders IXL, Australian beer-based company. Page 26

MOBIL, US-based oil company, reported sharp drop in earnings. Page 25

AIRBUS Industrie has received firm orders for 34 new long-range jets. Page 3

HOOKER Corporation, financially troubled Australian property and retail company with US interests, said a group of its bank lenders terminated a four-month moratorium on its debt. Page 26

NYCOMED, pharmaceutical division of Hafslund Nycomed, Norwegian group, signed research agreement with US-based Smith, Kline and French Laboratories. Page 3

BRITISH Nuclear Fuels, UK reprocessing company, revealed an outline agreement with West German Government to reprocess spent fuel. Page 2

SOVIET bilateral trade with Turkey is expected to increase to $900m this year. Page 3

# NatWest directors resign over financial scandal

By Richard Waters in London

THE chairman and three of the ten executive directors of the National Westminster Bank, the UK's largest financial institution, resigned yesterday in the country's biggest financial scandal for many years.

The resignations come after five days of mounting pressure on the bank following the publication of a highly critical report by Department of Trade and Industry inspectors into its handling of an unsuccessful £837m ($1.3bn) rights issue by employment group Blue Arrow two years ago.

Lord Boardman, the bank's chairman, in a scene unprecedented in the City of London's recent history, presented his resignation on the steps of NatWest's headquarters in the shadow of the Bank of England.

He said that he was departing because he could not accept the criticisms which had forced the resignation of the three main board directors: Mr Terry Green and Mr Charles Green, who as the bank's two deputy chief executives were part of its core management team, and Mr John Plastow, director responsible for related banking services.

In a letter to the Governor of the Bank of England which had pressed for the resignation, Lord Boardman claimed that the DTI inspectors' account of the directors' involvement in the Blue Arrow affair was "innacurate in some respects and unfair in its conclusions."

He also said that, contrary to DTI guidelines, the directors had not been given the chance to challenge evidence given to the inspectors or to counter some of the criticisms.

Lord Boardman said his resignation also reflected his willingness to accept "ultimate responsibility" for failings at the bank.

NatWest's investment banking subsidiary, County NatWest, was criticised by the inspectors over its attempt to disguise the fact that Blue Arrow's rights issue was a flop. In the process, it misled the market and failed to comply with the Companies Act, they said.

The inspectors – Mr Michael Crystal QC and Mr David Lane Spence of accountants Grant Thornton – attributed part of the blame for this to the directors and said that their conduct of the directors fell "below that to be expected from responsible senior executives" of NatWest.

They were also attacked for not knowing enough about County's business to ask the questions that would have led them to discover how the rights issue was handled.

The DTI said that it had received no direct complaint from NatWest about the conduct of its inspectors. However, it was up to them whether or not they allowed people to respond to criticisms, it said. The guidelines referred to in Lord Boardman's letter were not a strict rule.

The resignations were generally applauded in the City, where it had been widely believed since an emergency NatWest board meeting on Sunday that at least the three directors would go. Institutional shareholders and analysts said that it was inevitable that those named in the report would have to leave the bank, although several expressed surprise that the chairman had opted to go as well.

Lord Boardman, 70, was due to retire at the end of this year to make way for Lord Alexander, who is currently chairman of the Takeover Panel. Lord Boardman has accepted a request from the board to delay his departure from the bank until the end of September, when Lord Alexander will be free to take on the job.

The resignations mean that the directors are likely to escape investigation by the Bank of England, which has a duty under the Banking Act to ensure that the managers of banks are "fit and proper". Since they are no longer directors of a bank, there is no reason for the Bank to investigate their actions.

For similar reasons, the investigations of The Securities Association could be truncated by the spate of resignations. Mr Terry Green was a member of the Association, which has a responsibility under the Financial Services Act to assess fitness and properness.

Ms Elizabeth Brimelow, who was compliance director at County at the time of the Blue Arrow affair, has resigned from a similar position at Charterhouse. However, the bank said that it was exploring other roles for her.

Union Bank of Switzerland, the parent of UBS Phillips & Drew, which was also embroiled in the Blue Arrow affair, said that it was still looking at the position of two employees involved and that it would make a statement within 48 hours.

Resignation letters, Page 6; High price of banking error, Page 20; Lex, Page 22

Centre of attention: Lord Boardman, chairman of the National Westminster Bank, after his resignation

**CHRONOLOGY**

- July, 1987: Blue Arrow and County NatWest discuss possible bid for Manpower; Blue Arrow buys Manpower shares but avoids Class 2 disclosure to stock exchange; Wells and Reed inform NatWest executives of bid plan.
- Aug: Bid for Manpower announced, and rights issue of £837m.
- Sept: Blue Arrow wins bid; rights issue closes only 38 per cent subscribed; County Natwest, Phillips & Drew and Dillon Reed take up shares, and acceptances rise to 48 per cent; County briefs NatWest and Bank of England.
- Sept-Oct: County distributes its holding to avoid disclosing total stake.
- Dec: NatWest board assured arrangements are legal; NatWest discloses holding in Blue Arrow; UBS holding still undisclosed.
- Feb, 1988: County chairman and chief executive resign as County reports losses of £116m; NatWest launches internal inquiry.
- Dec: Department of Trade and Industry announces inquiry.
- July, 1989: The DTI's long-awaited report issues severest public criticism ever of a British bank.

# Brussels proposes big rise in high-tech research

By William Dawkins in Brussels

THE EUROPEAN Commission is planning to spend Ecu7.7bn ($8.2bn) to back cross-border research in the five years to the end of 1994, nearly doubling the EC's present annual spending on technology.

The Brussels executive is due to give the ambitious scheme its formal blessing at a meeting in Strasbourg tommorrow, after which it will be passed on to the 12 EC Governments for what will be a highly sensitive debate. Their unanimous go-ahead is needed.

Mr Hubert Curien, French Research and Technology Minister, wants to get the plan adopted intact under Paris' six-month Presidency of the EC. But West Germany, Britain and the Netherlands are likely to be highly sceptical. Indications are that the three countries want evidence of tighter Commission management, and more say in scientific priorities before they agree.

The three-point plan allocates Ecu4.2bn to information technology, communications, industrial and materials research; Ecu2.8bn to environment, life sciences and energy and Ecu700m to helping cross border exchanges of scientists, training and backing EC laboratories. The cash will contribute to research projects between ventures in different member states.

Within that, the plan is split into six main programmes, supposed to be easier to manage than the existing 37-programme research scheme, due to run out at the end of 1991.

Each of those six programmes would also need the go-ahead of a qualified majority of EC Governments, once the full plan is adopted. They cover an enormous range of projects from Esprit, in information technology; contributions to Jessi, the pan-European semiconductor scheme; to Race in broad band telecommunications and the Net investigation into nuclear fusion.

Brussels views EC-funded research as a very valuable contribution to the technology race against the US and Japan. It is seen as one of the few ways that European companies can make up for the extra cost of sharing research across borders and so avoid wasteful duplication. Research also takes the biggest share of the EC's budget, nearly Ecu44.8bn this year, after farm and regional spending.

# US adopts compromise for quotas on steel imports

By Peter Riddell and Nancy Dunne in Washington

THE Bush Administration is extending for $2\frac{1}{2}$ years its restrictions on the scale of steel imports into the US.

President George Bush yesterday finally resolved a lengthy debate within the Administration on steel quotas by adopting a compromise on the length of the extension and by introducing modifications to ease imports of types of steel in short supply.

The decision was yesterday presented by Mr Bush as part of an attempt to secure an "international consensus" on the removal of unfair trading practices. He said this would be mainly via the Uruguay Round of multilateral trade talks, though there would also be bilateral negotiations to secure "country specific undertakings."

The quotas are currently due to expire on September 30, and the US will now seek to negotiate a "transitional extension" until the end of March 1992, though this falls short of the five year extension being sought by the steel industry.

The extension will apply to all major product categories of imports from countries in the current Voluntary Restraint Agreement to a total equivalent to 18.4 per cent of the US market, though with an annual growth of 1 per cent a year. This increase will be allocated on a "first-come, first-served" basis to countries committed to removing trade distorting practices.

The decision highlights continuing protectionist pressures within the US. Four days before last November's election Mr Bush promised to renew the Voluntary Restraint Agreement. The subsequent debate has been over the terms of renewal, with the industry and the Commerce and Labour Departments favouring a long extension and Mr Bush's main advisers supporting as rapid a phase-out as possible.

Procedures covering the import of steels officially defined as in "short supply" are to be liberalised and streamlined by the Commerce Department to allow faster approval. In relation to steels not domestically produced in the US or where capacity utilisation is over 90 per cent, there is to be a fast track and the burden of proof will shift from consumers to producers.

# Solidarity rejects coalition plan and opts to stay in opposition

By Christopher Bobinski in Warsaw

SOLIDARITY, Poland's reform movement, yesterday rejected an invitation by the Government to join a "grand coalition," opting instead to stay in opposition and form a shadow cabinet.

Mr Lech Walesa, Solidarity's leader, told General Wojciech Jaruzelski, the country's President, of the decision during a two-hour meeting. Speaking to journalists outside the parliament building after the meeting, Mr Walesa said that "logic" required that his movement set up the next government.

However, Solidarity recognised that the Communists still wielded "real power" which they were not ready to surrender. "We wouldn't have had any say over decisions and would merely have played a decorative role," he said.

He added that he would not stop individual Solidarity members joining the next government but they would do so on an independent basis.

The meeting provided Mr Walesa with the opportunity to curtail speculation that Solidarity, which won overwhelming support in elections last month, was on the brink of forming a government.

However, Mr Walesa did hint that he was ready to join a new body proposed by General Jaruzelski "which would oversee the reform process" and which would be composed of "representatives of all social groups". The group would map out policy guidelines for the Government.

Decisions on a new prime minister are expected to emerge at a Communist Party central committee meeting due at the end of this week. Parliament is to meet next Monday when a candidate could be presented to the chamber.

Mr Wladyslaw Baka, the party's economic chief, is a front runner for the post but he has told Communist Party deputies that he would consider forming a government only if Solidarity agreed to enter it.

Mr Walesa yesterday spoke of the need for a "small body" which would steer the country through reforms and "whose voice would be respected by all Poles." Agreement on this point with the President suggests that the matter has already been discussed behind the scenes between Solidarity and the party leadership.

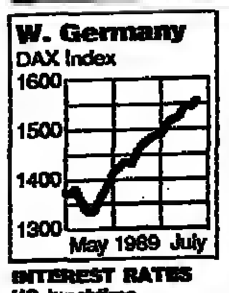
Both sides appear keen to maintain a system which first appeared at round-table talks in the spring, where decisions were arrived at on consensus between the authorities and the opposition and were then put into action by Parliament and the government.

Poland and the European Community last night agreed a wide-ranging five-year economic cooperation and trade accord, reducing some EC tariffs on Polish farm products and phasing out most EC quotas on Polish industrial goods by the mid-1990s.

## MARKETS

**W. Germany**

DAX Index



**INTEREST RATES**

*US lunchtime*
Federal Funds $9\frac{1}{8}$% (same)
3-mth Treasury Bills: yield: 8.289% (8.334)
Long Bond: $108\frac{13}{32}$ ($106\frac{?}{32}$)
yield: 8.115% (8.125)
London
3-month Interbank: close $13\frac{31}{32}$% ($13\frac{15}{16}$)

**STERLING**

New York close
$1.6388 (1.6255)
London:
$1.6265 (1.6180)
DM3.0800 (3.0900)
FFr10.4550 (10.4700)
SFr2.6525 (2.6625)
Y231.75 (same)

**DOLLAR**

New York close
DM1.8825 (1.89685)
FFr6.3820 (6.4280)
SFr1.6205 (1.6355)
Y141.50 (142.555)
London:
DM1.8935 (1.9090)
FFr6.4275 (6.4700)
SFr1.6310 (1.6450)
Y142.55 (143.25)

**GOLD**

New York latest
Comex Aug
$374.1 (373.9)

**STOCK INDICES**

New York close
Dow Jones Ind. Av.
2,583.06 (-1.90)
S&P Comp
333.62 (-0.05)
London:
FT-SE 100
2,269.4 (+10.3)
World:
147.19 (Mon)
Tokyo
Nikkei Ave
34,538.90 (+445.67)
Frankfort
Commerzbank
1,903.9 (-2.7)

**OIL**

Brent 15-day (Argus)
$17.50 (+0.05) (Aug)
West Tex Crude
$18.825 (-0.04) (Sept)

## CONTENTS

**Sri Lanka edges towards showdown with India**

President Ranasinghe Premadasa (left) has threatened that if the Indian force does not withdraw he will order Sri Lankan troops in the north-east to take charge of the region. Page 4

# UK undercuts French in nuclear reprocessing

**By David Goodhart in Bonn**

BRITISH Nuclear Fuels Ltd yesterday revealed an outline agreement with the West German Government to reprocess about half the nuclear fuel that would have gone to the now abandoned recycling plant at Wackersdorf in Bavaria.

The offer aggressively undercuts an earlier one made by Cogema, the French state-owned nuclear fuel group.

Mr Derek May, BNFL's director of corporate development, also confirmed plans to place some of BNFL's assets into an independent fuel recycling company in which the West German utilities could take a capital stake. Cogema has made a similar offer.

BNFL's provisional offer was announced as part of a joint declaration on nuclear energy agreed between the British and West German governments which includes pledges to increase co-operation in security and waste management.

The abandonment of Wackersdorf means that West Germany will be placing 500 tonnes of nuclear fuel per year on to the market for reprocessing at the end of the next decade. Cogema had offered to take about 400 tonnes at a cost of DM1,500 (£485) per kg.

The British counter-offer commits BNFL to taking 4,000 tonnes between 2000 and 2015, which is about 250 tonnes a year at a cost of DM1,200 per kg. BNFL also wants to fabricate fuel for the West Germans from the plutonium separated in the recycling process and hopes to have access to some German recycling technology.

The BNFL offer is less than a third of the cost per kg that had been expected at Wackersdorf, which is one reason for the abandonment of that project.

Some environmentalists fear that the lower cost reflects lower safety standards in Britain and France. Mr Michael Spicer, the UK Energy Minister, denied this but said that more was being spent on safety at the Sellafield plant.

One reason for the low price of the BNFL offer is that much of the capital cost of the plant has already been reclaimed from the cost-plus contracts covering most of the existing work being done for the Japanese, West Germans and the domestic industry.

# MEP rebuff for Euro-parliament's old buffer

**By Tim Dickson in Strasbourg**

*IN STORIES* by the late, lamented English novelist P G Wodehouse he is an affable and wise old buffer held in high regard at the golf club bar.

But in Strasbourg yesterday "the oldest member" (or Doyen d'age) was publicly disowned as dangerous and highly offensive by his colleagues in the European Parliament.

Led by the 180-strong Socialist group, the vast majority of MEPs walked out in disgust when 87-year-old Claude Autant-Lara, elected last month on the ticket of French National Front leader Jean-Marie Le Pen, launched into the traditional opening speech of the first session of the new assembly.

It was a carefully rehearsed protest, planned largely as a reaction against Mr Autant-Lara's well documented views on immigrants and much in keeping with the European Parliament's tradition of colourful if sometimes absurd and self-seeking political stunts.

While yesterday's exodus was obviously heartfelt and dignified, the participants had lost none of their old knack for free publicity as the press and television cameras whirred. The Socialists each left a red rose in the slot left for their voting cards – a sea of colour testifying to their successes in last month's European poll – while the 30 new Greens sported T-shirts with the slogan "2.3m. votes – 12 seats" (a reference to the huge wave of support in Britain for the Green Party but their inability to win a single seat.

Some British Tory MEPs, while deploring his sentiments, initially stayed behind to support Mr Autant-Lara's freedom to speak – but most subsequently joined the protest when the former French film director began an extraordinary harangue against the threat to Europe posed by American culture and against the insidious influence of the English language. They were therefore not there to hear him conclude with a ringing appeal to Europe's citizens to keep the US at bay by boycotting Coca Cola.

Mischievous voices were heard to suggest that supplies of "anti Fascist" Coke had been wheeled into a Socialist group meeting to toast the success of Enrique Baron Crespo, the Spanish Socialist who was duly elected yesterday to succeed Lord Plumb as President of the new Parliament. Mr Baron (Crespo is his mother's family name, traditionally tacked on to the end in Spain) was said by some to be a little colourless by comparison with the British farmer he replaces but he showed a welcome flash of humour at yesterday's press conference describing himself as a "Red Baron" taking over from the "Blue Knight".

Socialist celebrations, meanwhile, were interrupted by some familiar sniping from the European Democratic Group (the much reduced British Tory contingent of 32 and their remaining 2 Danish allies). In an ironic reversal of traditional Strasbourg roles the EDG opened the new propaganda season with a press release attacking the Socialists' costly record of "saying it with flowers".

Hoping to claw back some of the advantage reaped by their rivals in the chamber earlier in the day, the missive talked of the Socialist Group's "fondness for flowers" going on to contrast the £10,583 they spent from the parliament's flower budget last year with the EDG's "modest £156". Unfortunately a mistake in translating Ecus into pounds led to an inflated figure for Socialist flower purchases being printed in the first version of the press release, prompting the British Labour Group's leader Mr Glyn Ford to score further points with a claim of deliberate misrepresentation.

## Spaniard Baron leaves sidelines for centre field at Strasbourg

**MR ENRIQUE BARON CRESPO, a 45-year-old Spanish Socialist (pictured left with an admirer), was yesterday elected President of the European Parliament in the first round of voting, writes Tim Dickson. He polled 301 votes in the secret ballot thanks to a deal reached between the dominant Socialist and Christian Democrat groups in the assembly, easily defeating his nearest challenger the Liberal candidate and former West German diplomat Mr Rudiger von Wechmar.**

**A lawyer by training who was sidelined in national politics, Mr Baron saw his success yesterday as a further source of pride for his country following its six month Presidency of the European Community which ended in June.**

**The first Spaniard to head an EC institution, he was Transport Minister in the Madrid Government between 1982 and 1985 when he became a victim of Prime Minister Felipe Gonzalez first Cabinet reshuffle. He soon headed for Strasbourg where he was initially spokesman for the Spanish socialists, becoming a vice president in 1987.**

**"Polarisation is bad, either on the left or right", Mr Baron said yesterday, "we just want a majority who are working for Europe 1992".**

**Like many of his generation in Spain, Mr Baron entered politics as a left-wing student in the sixties working behind the scenes against the Franco dictatorship. His past legal cases include defending the veteran Communist trade unionist Mr Marcellino Camacho. Mr Baron, who is a noted linguist unlike his determinedly monoglot predecessor Lord Plumb, will serve in his post for two and a half years.**

# De Michelis adds colour to foreign affairs

**By John Wyles in Rome**

WHEN Mr Gianni De Michelis, Italy's new Foreign Minister, meets his British counterpart Mr John Major, they will be able to compare notes on the sheer delight of capturing one of the main offices of state while still in their forties.

But they may not find much else in common, because in Italian politics, let alone British, there is nobody quite like Mr De Michelis.

His character is like one of those prisms which throw contrasting colours in the discotheques which he enjoys so much: calculating but impulsive, publicity-seeking but discreet, intellectual but not profound.

A Venetian with a large appetite for work, food and pleasure, he is very much a Renaissance Italian, with strong intellectual curiosity, highly developed cultural tastes and scant trust for anyone outside his immediate circle.

This, it must be said, is one of the most decorative in Rome – "Gianni" has an eye for beauty as well as brains. Predictably, many young ladies in mini-skirts were in attendance early last Sunday morning when he staged a celebratory night out at a seaside discotheque south of Rome.

Whether this lifestyle (see his recently published guide to Italian discos) can be combined with his new responsibilities remains to be seen.

One newspaper reports Mr Bettino Craxi, the Socialist leader, has recommended a change of image, including a shortening of the long, black locks tucked behind both ears and flowing over his collar.

Mr De Michelis (49), owes a great deal of his rapid rise to Mr Craxi. Within four years of election to Parliament in 1976, he was given the key post of Minister of State Shareholdings which put him in charge of Italy's extensive publicly-owned companies until 1983.

There he demonstrated his considerable talent for exploiting all traditional Italian practices – both good and less good – to achieve necessary reforms.

In the following four years, as Labour Minister, he was at the centre of a highly controversial and eventually successful bid to reform the system of wage indexation.

He puts this achievement at the top of his list of the policy initiatives which, he insists, clearly demonstrate that the nation's political class has served the country well over the past 15 years.

On paper, he is somewhat better qualified than Mr Major for his new tasks, having exploited all of the opportunities for travel offered by his previous portfolios, including, most recently, that of Deputy Prime Minister.

His appointment is likely to viewed with some relief in Washington, where he is well known and thought "sounder" than his predecessor, Mr Giulio Andreotti.

But the prospect that will excite him most is next year's Italian presidency of the EC, which he will surely devote to launching stage two of the monetary integration plan set out in the Delors report.

He thinks Italy should carry more weight abroad, and under him it could well do so, in more than one sense.

# Strikes point up Ukraine's long-running demands

**By John Lloyd**

UKRAINIAN CIVIL rights activists and nationalists believe the miners' strikes in the Western Ukraine have both dramatised, and been stimulated by, long-running political demands in the republic.

They believe, too, that the strikes themselves should be seen against a tradition of labour unrest and protest – hitherto violently suppressed.

That tradition includes strikes in Novocherkassk in 1962, and Dnepropetrovsk and Dneprodzherzhinsk in 1972, which left hundreds dead: all of these are in the Ukraine's Donbas region. Mr Volodymyr Klebanov began a free trade union in the Donbas in 1977 and was incarcerated in psychiatric wards for his pains.

Mr Aleksei Nikitin carried on free union work into the 1980s, but was arrested and is said to have died in prison in 1984. Mr Viktor Verkhin, editor of the Donbas "Soviet Miner", revealed more than was prudent about safety conditions and local law enforcement - his arrest and death prompted Moscow to dismiss some regional and local KGB and party leaders.

*These days, revelations of* dangerous working conditions are no longer so deadly: glasnost has opened today's central press to yesterday's dissidents.

Socialist Industry newspaper last summer ran a series of articles on the life of a Soviet miner based on research in the Donbas. It reported a catalogue *of short* lives, grindingly hard work with poor equipment (50 per cent of coal-winning is still by hand) and bad housing.

The Coal Ministry has remained wedded to output targets and huge overtime working, while being indifferent to safety.

Ukrainian activists draw an explicit connection between the harsh *conditions in the pits* and the sclerosis they see affecting the Ukrainian Communist Party. Mr Taras Kuzio, director of the Ukranian Press Agency in London, reports popular discontent with the region's conservative leadership, and by extension, with Moscow.

"The miners, and the remainder of the republic's population, are well aware that it is precisely Mr Gorbachev himself who has kept Vladimir Shcherbitsky, the Ukrainian party chief, in place because of his fear that if the Ukraine followed in Estonia's footsteps then it would entail the end of the empire," he says.

*Mr Shcherbitsky is the most* senior survivor of the Brezhnev era leadership, and he appears to be an unreconstructed figure, waging war on dissidents as fiercely as he can and ceding ground with evident reluctance to new ideas.

Recently, however, there have been setbacks for the Ukrainian conservatives. Mr Konstantin Masik, party chief in Kiev and a Shcherbitsky protégé, was sacked at the weekend. In the latest reshuffle, the party secretary and mayor of the Donbas town of Stakhanov were ousted.

Mr Shcherbitsky narrowly avoided humiliation in the March election: but members of the *Ukrainian Helsinki* Union and the Ukrainian Popular Movement for Perestroika, claimed his true vote was 27 per cent, falsified to just over the qualifying 50 per cent.

# Hungarian reforms get Gorbachev nod

**By Quentin Peel in Moscow**

THE NEW leadership of the Hungarian Communist Party, in the form of Mr Reszo Nyers, the chairman, and Mr Karoly Grosz, the demoted general secretary, yesterday won an apparently equable if not positively warm reception for their plans for multi-party democracy from President Mikhail Gorbachev.

At what has now become a regular series of meetings between the Hungarian and Soviet party leaderships, both sides spelt out their respective progress with political and economic reforms. Not a word of criticism was allowed to percolate into the outside world.

The two sides agreed on a new round of talks aimed at *further cuts in the number of* Soviet troops in Hungary "in accordance with disarmament processes in Europe and progress at the Vienna talks," according to Tass.

Mr Nyers repeated his call for radical reform of the internal organisation of Comecon, including a demand for its cross-border trade to be conducted in dollars, not roubles – with no sign of irritation from the Soviet side.

Tass said Mr Gorbachev had "noted the active quest in the Socialist world for ways to achieve Socialist revival, to launch socialism into a drastically higher orbit, in the name of creating a society of free people, masters of their lives and their countries."

The Soviet leader, embroiled in miners' strikes and renewed attempts to purge the party bureaucracy of conservatives, warned that the "party must turn itself into a political vanguard and learn to influence the masses through the force of argument," the official account said. His words are far from the traditional insistence that the party is the vanguard of perestroika.

The Hungarian leaders made no bones about their determination to pursue multi-party elections, and referred to their efforts towards "invigorating party life."

*Behind the apparent consensus*, lie considerable economic difficulties, most recently underlined by Moscow's decision to suspend convertibility of the rouble into Hungarian forints, to prevent a currency drain apparently caused by a rash of cross-border shopping.

*Hungary* has a large trade surplus with the Soviet Union, and is determined to get more payment for it in hard currency which it can use elsewhere. Equally, the Soviet Union has no foreign exchange to spare.

Tass described the meeting as "warm and marked by mutual understanding".

# Lufthansa hopes for better air links with E Germany

***By David Marsh in Bonn***

LUFTHANSA, the West German airline, made clear yesterday it sees next week's planned start of regular air services between East and West Germany as the first move towards wider air links eventually allowing it to fly to Berlin.

A spokesman termed as "a *first step* - but *a big one*", announcement of agreement for the airlines of the two German states to fly between Leipzig in the East and Frankfurt and Düsseldorf.

Start-up of scheduled East-West German services for the first time since the second world war underlines how the two German states are growing closer together.

A flood of departures of East German citizens towards West Germany this year – the highest emigration since the building of the Berlin Wall in 1961 – is, however, straining *delicate relations between Bonn* and East Berlin.

An East German spokesman yesterday said "propaganda" in the West German media about higher living standards was partly to blame for the exodus. This year, 80,000-100,000 East Germans are likely to quit East for West Germany, easily the highest since 1961. In the first six months of the year, 44,000 East Germans came to settle in the Federal Republic, more than the 39,800 who crossed in the whole of 1988.

The East German official welcomed the air traffic accord as representing a step towards "normalisation" between the two states.

The deal needed the blessing of the post-war victor powers who still exercise jurisdiction over German air space. It represents a victory for the lobbying of Lufthansa and the Bonn government with the three Western allies, the US, Britain and France, who had shown themselves reluctant to authorise East-West German services.

The breakthrough comes as a success for Mr Heinz Ruhnau, Lufthansa chairman, a leading figure from the Social Democratic Party who is a fierce upholder of German national interests *vis-a-vis* the allies. Mr Ruhnau has said he will not be satisfied until Lufthansa is allowed to fly directly to Berlin, a destination blocked since 1945 by Germany's war defeat.

The Leipzig service is due to start next week, probably on August 3, although details, including the important question of ticket prices, have not all been settled.

Authorisation is limited for the moment until October 31, partly to allow Lufthansa and Interflug to test the popularity of the new routes. Lufthansa hopes to continue the service beyond that date. It believes the link will be popular, above all for West German tourists wishing to travel to the southern part of East Germany.

# Government struggles to restrain Portugal's eager shoppers

## Consumers with plenty to spend are testing the capacities of the economy's managers, writes **Diana Smith** in Lisbon

SO MANY Portuguese consumers want and can now afford to consume – cars, colour televisions, video recorders, and the like, few of which are made in Portugal – that they have warped the trade balance and helped send inflation soaring.

Buyers of cars and consumer durables are persona not-quite grata with a Government that likes to boast of superior economic skill and regards with irritation a (still-rising) 12.7 per cent year-on-year inflation rate, a *trade deficit last year of* $5.6bn, a $650m current account deficit (expected to be $1bn this year), and a 38 per cent growth in consumer imports while capital goods imports increased by 22 per cent. Trade deficits must be "virtuous" – capital not consumer goods-driven – say confident Finance Ministry technocrats, whose forecasts are often gainsaid by facts.

Facts show the economy performing well in many areas, but with endemic unsolved problems. These cannot be exclusively blamed on the consumer or cured by knocking him and his car. Rattled because inflation rose at twice the 6 per cent year-on-year rate they predicted, the authorities turned on consumers in February. They made car hire purchase dearer, and took household gadgets and luxuries off hire purchase altogether. Car dealers, shopkeepers and consumers cried in pain.

But not for long. Car sales dipped 5 per cent in March and April; by June they had climbed to only 1 per cent below the June 1988 level when 550 new cars were put on the road daily.

The authorities tried again. This month they increased the prices of oil derivatives, making petrol Es130 (50p) a litre, up from Es119. The excuse was that oil prices have risen, so consumer prices must rise. But analysts view it as more "get the motorist" and warn that higher fuel prices will mean *higher food, transport* and utility prices and propel inflation to 14 per cent or more this year.

Yet in many respects, as outlined in the Bank of Portugal's annual report, Portugal's economy is as sunny as the weather. Gross domestic product growth has held at about 4 per cent a year for five years; investment grew by a dramatic 19 per cent in 1987 and 15 per cent in 1988 and should grow 10 per cent this year.

| SHORT TERM PROSPECTS (percentage change except where indicated) | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|
| Total domestic demand | 10.2 | 8.5 | 5¾ | 4¾ |
| Exports: goods and services | 11.1 | 7.3 | 6½ | 8 |
| Imports: goods and services | 26.1 | 17.5 | 10½ | 8½ |
| GDP at market prices | 4.7 | 4.1 | 3½ | 3¼ |
| Inflation | 10.2 | 10.0 | 10¼ | 8½ |
| Unemployment (rate %) | 7.1 | 5.6 | 5½ | 5½ |
| Trade balance ($bn) | -3.8 | -5.1 | -6 | -7 |

Source: OECD

Job creation is so buoyant that there is all-but full employment, with manufacturers desperate for skilled workers (lingering 5 per cent unemployment is due largely to the skill-less) and financial companies frantic for staff of which *there are too few to go round.*

Wages, while strained by inflation at the low end of the market, blossom in the middle and upper ends where graduates or MBA's now command starting salaries of $35,000 a year rising to a once-inconceivable $70,000 plus profit-sharing.

A new, dynamic Portugal is emerging from shadows cast by the 1975 revolution. Competitive enterprises often race leagues ahead of an administration that has trouble foregoing heavy-handed bureaucratic control, prior authorisation, confusing laws that hamstring financial markets and, above all, central monetary control that favours the public sector.

The Bank of Portugal has been ready for three years to *liberalise credit control*: "Any time now, market instruments will begin," the Governor said recently. "Hmm," responded bankers who had heard many such promises.

Herein lies the country's endemic problem and breeding-ground of inflation – the *protected state financing need*: 9 per cent of GDP this year, 1988 credit growth to the state sector of 18 per cent, while private credit stagnated below annual 11.5 per cent inflation.

Deficits, debt and its servicing are fruits of the nationalisations of 1975 and birth of a giant public sector. This Government, like others since 1980, has vowed to pare the state but has done little, very slowly, maintaining a centripetal sphere of influence against a private sector that clamours *for freer enterprise*.

A spectacularly-oversubscribed programme of 49 per cent privatisation of selected state companies began in April. It will take six years. The test for the Government next year will be to move to no-strings-attached 100 per cent sales that constitutional reforms now permit.

*The relations of Mr Anibal* Cavaco Silva's Government with business are as tense as those with consumers. Businessmen bemoan tight credit and taxes that devour over half their profits. They resent being berated by government ministers for "making tons of money," which, those ministers reckon, disqualifies them from complaining. They sense anti-business bias in Mr Cavaco Silva, who is, like his outspoken Finance Minister, Mr Miguel Cadilhe, a self-made technocrat.

Businessmen accuse Mr Cavaco of petty discrimination caused by "social resentment," protecting a flabby public sector whose debts exceed 81 per cent of GDP in order to keep a lopsided economy under state management. Control by men obsessed by petty red tape has been a Portuguese constant this century, first from the right, then the left, and now the sort of middle.

Membership of the European Community in 1986 forced changes such as the break-up of state trading monopolies, vastly-improved efficiency in banking and financial services, and a drive by industry to improve quality. But in government, while there is intellectual perception of the liberalising needs of EC membership there is visceral resistance to letting the reins go.

And so Portugal has grown in economy, jobs, infrastructures and services and should continue to do so. But it is incompletely-armed for the onslaught of the European single market after 1992. *Even if it* obtains renewable 12-month extensions of protection against fully freed financial services and capital flows between 1992 and 1995, it has not loosened up fast enough.

Stays of execution, in the private view of some senior officials, will only give an illusion of safety, unless they are *used to unshackle* the system in preparation for full EC freedom. Better, they say, to force the system now through tough outside competition, to shed obsessive control and discriminatory protection.

Pillorying consumers and businessmen because they now produce, earn and spend more, while letting the state lumber on unproductively, *is a short-sighted* tactic, in the view of analysts, likely to be punished in December's local government elections, just as it was in last month's European Parliament election when the Government's standing plunged from 51 per cent of the vote in 1987 to 32 per cent.

# OECD issues an urgent call for Lisbon to cool the economy

**By George Graham in Paris**

A RINGING call to Portugal to take urgent steps to cool down its economy and combat the resurgence in inflation has been issued by the Organisation for Economic *Co-operation and Development* (OECD).

The organisation says the strategy pursued by the Portuguese Government since 1985 of stimulating private and public investment and of promoting rapid growth in household consumption by an accommodating economic policy "seems to have reached its limits in 1988."

"It is therefore necessary to lose no time in taking steps to counter recent developments and, in particular, to cool the economy down," the OECD says in its annual report on Portugal's economy.

*The organisation favours a tighter* fiscal policy this year. It says, however, that the new income tax system introduced this year, which is intended to be fiscally neutral, may in fact have the effect of tightening policy, because the two tax systems will overlap for a year and because the new structure will widen the tax base and shorten the time between the moment income is received and the moment it is taxed.

It warns that if inflation is not checked rapidly it will erode the credibility of the incomes policy and could force the Government to impose a more stringent stabilisation *policy later*, as Portugal had to do in 1977 and 1983.

The recent measures taken by the Government, including a squeeze on consumer credit, are "a step in the right direction," the report says. It adds that the package also introduces measures which will facilitate the transition from direct, quantitative credit controls to a market-oriented system of monetary control.

Monetary policy has in the past been made ineffective by the adoption of incompatible targets, it maintains: between mid-1987 and mid-1988, for example, the domestic liquidity target was tightened while, at the *same* time, controlled interest rates were lowered with a view to reducing the public debt burden.

The OECD says that administrative credit controls have revealed their limits in recent years, but says that more changes are needed before Portugal can move to a market-based control system. "If market mechanisms, and thus interest rates, are to play a larger role in *controlling the growth of credit and* its allocation, the excess liquidity in the banking system that has resulted from the prolonged co-existence of quantitative ceilings on bank lending and the government's large borrowing requirement needs first to be mopped up."

The report also warns that the scale of financial transfers into the country "should not mask the fundamental precariousness of the balance of payments, accentuated by the imports necessitated under the current investment programme."

Portugal: FFr50 from OECD, 2 rue André Pascal, 75775 Paris Cedex 16, France.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

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## WORLD TRADE NEWS

# Seoul opens its markets to tropical imports

By William Dullforce in Geneva

SOUTH KOREA is opening up its market to imports of tropical products from developing countries in a trade-liberalising gesture of special significance to the Uruguay Round trade talks.

The elimination of import barriers to goods such as coffee, cocoa, tea, spices, tropical woods, fruits and nuts, rubber, and jute, has been given priority in the Round because of their importance for Third World countries. About 80 per cent of the $70bn world trade in tropical products originates in developing countries.

At the Round's mid-term review in December, the European Community, the US, Japan and other industrialised nations reached a package deal with 11 developing countries, under which they undertook to reduce tariffs or remove quotas on items covering some $20bn of the trade either with immediate effect or by the middle of 1989.

South Korea, still classified as a developing country under the General Agreement on Tariffs and Trade, has this week made a contribution comparable in value to those of some industrialised countries.

It informed the group dealing with tropical products in the Round that it was reducing its tariff rates on 238 items, or 90 per cent of those listed as objects for concessions. Further cuts in customs dnties were scheduled between now and 1993.

In addition, the Koreans appended a schedule for eliminating import licencing restrictions by the end of 1991.

The South Korean move responds to EC and US demands that as their contribution to trade liberalisation, the economically more advanced, or newly industrialised, developing countries should start dismantling the barriers to their domestic markets, behind which they have been able to grow. However, EC officials said it would be necessary to study health and other regulations in force in Korea before assessing the extent to which the Korean market would be opened in practice to imports of tropical products.

Seoul is also on the verge of abandoning its right under Gatt to impose import restraints for balance-of-payment reasons. One obstacle, which may be resolved in September, is the length of the grace period Sonth Korea would be allowed, to phase out existing restraints.

# UK call to tighten Gatt rules on textiles

By Peter Montagnon, World Trade Editor

WORLD trade in textiles should not be returned to the normal disciplines of the General Agreement on Tariffs and Trade until Gatt's own rules in areas such as dumping, subsidies and intellectual property have been strengthened, the British Apparel, Knitting and Textiles Alliance (AKA) said yesterday.

In a paper to be circulated to UK government departments and the European Commission, the AKA said the Multi-Fibre Arrangement which governs textile trade should not be unwound until the threat of disorder in world markets is removed. This will not happen by 1991, when the current arrangement expires.

The paper follows hard on an EC submission to Gatt on Monday and is seen by AKA as adding to the strength of EC arguments in that forum. Though it covers many of the same points as that submission, Mr Colin Purvis, AKA secretary-general, stressed that the UK and European industry was looking for a firm tightening of Gatt rules, possibly even more rigorous than that envisaged by the EC.

It says the UK industry regards the present Gatt safeguards clause which allows for emergency protection against surges of imports as "entirely inadequate to avert the danger from which the MFA shelters the world trading system".

New Gatt rules would have to deal with excessive tariff and non-tariff barriers in textile exporting countries, it said, complaining that Turkey, which receives preferential EC access, imposes tariffs and levies as high as 124 per cent.

Dumping rules should be tightened to allow provisional duties on the basis of prima facie evidence of dumping, as well as the control of products made of materials bought at dumped prices, and greater use of constructed price comparisons.

Gatt rules on the use of subsidies should be tightened before the MFA can be abandoned and there should be better protection against counterfeiting and trade mark abuse.

# Multinationals make for Deccan Plateau

## Electronics groups are setting up in India's 'Silicon Valley', David Housego writes

IN Bangalore, the so-called "garden city" on the Deccan Plateau in southern India and increasingly the centre of the country's electronics industry, the term "multinational" has long ceased to be a dirty word.

Local officials lovingly trip off their tongues the list of international electronics groups which have set up in the town or are in the process of doing so – including Texas Instruments, Motorola, Kodak, Sanyo, Hewlett Packard, Asea and Unysis.

Among the most interesting joint ventures for what it tells about multinationals' changing perceptions of India is a new tie-up between Bull of France and PSI, one of India's best known computer companies.

Bull has taken a 26 per cent stake in PSI with a view to manufacturing its DPS 7000 mainframe computer in India and gaining a 30 per cent share in the Indian mainframe market. Like many US groups, it also intends to draw on Indian software engineering skills to subcontract product development projects currently being done at greater cost at its research and developmant institutions in France.

Over the longer run, it envisages using its tie-up with PSI as a platform to export custom-made systems and hardware to the Middle East and Africa. Meanwhile, says Mr Jean-Clande Danes, Bull's regional director, "our aim with PSI is to acheive the same level of quality as Bull in both production and (systems) solutions for our Indian customers".

PSI was established by Mr Vinay Deshpande, now joint managing director, and another Indian colleague when they returned from Stanford in the US in 1973. Their first order was from an American customer for a custom-designed microprocessor based system for a telex exchange.

They took advantage of IBM's being pushed ont of India in 1977 to develop and produce a general purpose computer system for the Indian market, bringing out over the years a range of PCs and minicompnters. They developed data acquisition and numerical control systems for industry. They kept up their emphasis on exports with the development of a large computer-based education system for a Japanese corporate client.

PSI rapidly built up its staff to the current level of 430 of whom a third are involved in research and development. Sales grew even faster still, expanding at an average of 40 per cent a year to Rs160.5m last year. But profits did not always follow. "There were occasions", says Mr Deshpande, "when sometimes we did not pay salaries on the due date".

With a management that was engineering-led, the company sometimes took on work that was challenging technically rather than profitable. Last year, it made a loss in part because of the manpower hours absorbed by the negotiations with Bull but also because of a large, unfinished contract for the Department of Telecommunications.

**Local officials lovingly trip off their tongues the list of international electronics groups which have set up in the area**

Bull, which has been making sales to India for 15 years, came across PSI in its search for a partner for its mainframe business. It was impressed by PSI's electronic data processing team and by the possibility of subcontracting development work to India.

For PSI, the tie-up with Bull means it is now the only Indian company with a capability across the full range of computers from PC to mainframe. It imposes on it the discipline of working to international standards both in development work and in the equipment it produces.

"The real benefit to us," says Mr Deshpande, "is that we are now involved in leading-edge technology development both in hardware and software". He adds that in manufacturing, "there is a lot to gain for us in terms of professionalism right from purchase specifications to quality control and customer support".

Bull now have eight specialists in Bangalore helping PSI improve its performance in such areas as marketing, financial management and quality control. At the same time, Indian engineers from PSI have gone to France to work on projects such as the development of simulator tools, the optimisation of operating systems, and the development of new Unix features which will give them a better knowledge of Bull's methodology.

PSI is investing Rs140m-150m in a new plant to manufacture the DPS 7000 and other PSI products. Bull is sending to India the engineer in charge of quality control on the DPS 7000 line at its Angers plant in France to see that products attain Bull standards. "There is a complete change in the scale of operations of PSI," says Mr Danes.

In the mainframe sector, Mr Danes says that PSI's aim now is to become market leader in providing solutions and hardware in the areas of banking and the financial markets, production control systems in industry, and telecommunications - areas where Bull has specialised internationally. In all three, India is heavily under-equipped.

As for Bull's sub-contracting development work to India, this is part of a worldwide trend under which data processing groups have been shifting back hardware manufacture to their base country while getting software design undertaken abroad where engineer skills are cheaper. In Bangalore, the prime example of this is Texas Instruments which has established a 100 per cent-owned facility to do design work for the parent group in the US.

After an initial training period, Bull intends to get PSI to assume management responsibility for certain software products - such as qualifying new features on a communications programme or maintaining and updating an existing product.

Though Bull sees the computer market in India growing at 30-35 per cent a year, it wants to advance cautiously. "We believe the key to success in India is to provide international quality solutions," says Mr Danes. He thinks it could take two to three years to build up to that level in all the sectors in which the new joint venture is interested.

In India, he adds, "you have to take into account time. Nothing significant can happen in a short time. You have to have a long term strategy".

# Norwegian group signs cancer drug research deal

NYCOMED, the pharmaceutical division of Hafslund Nycomed, the diversified Norwegian group, yesterday signed "a several hundred million krone" research, development and licensing agreement with the US-based Smith, Kline and French Laboratories, Karen Fossli reports from Oslo.

The deal is to further develop and eventually market hemoregulatory peptides, a new class of bio-chemical compound used to treat cancer.

According to Mr Trond Jacobsen, Nycomed's director of research, the company has been involved in the development of the substance for more than 10 years.

Hemoregulatory peptides, according to Mr Jacobsen, allow cancer patients to withstand greater dosages of chemicals and radiation by eliminating treatment side-effects.

Mr Jacohsen further explained that two of Nycomed's resarchers working at the American National Cancer Institute (NCI) confirmed results of hemoregulatory pepides during tests involving animals.

This had been further verified by researchers at Smith, Kline and French.

Nycomed and its new partner aim first to introduce the substance in the US market.

# Airbus unveils orders for 34 new long-range jets

AIRBUS Industrie said it had received firm orders for a total 34 of its planned new long-range jets, the A330 and A340, plus options for another 11 aircraft, Reuter reports from Paris.

The four-nation consortium, in which Messerschmidt Bölkow Blohm of West Germany, Aérospatiale of France, British Aerospace of the UK and CASA of Spain hold stakes, said in its monthly newsletter that two unannounced customers had signed contracts for 25 A340s with options on a further three. It also said two had ordered nine A330s with options on three more.

It gave no further details on the orders but said two unannounced customers had also placed commitments for seven A330s and one A340.

An Airhus spokesman defined "commitments" as including memoranda of understanding, preliminary agreements or letters of intent. An order is a firm purchase contract.

The A330 and A340 are being developed as a single programme.

The long-range four-engined A340 is due to enter service in 1993 and the twin-engined A330 in 1994. Total commitments for the two planes now stand at 303, of which 109 are firm orders.

# Ford's Australian unit to sell sports car in US

FORD Motor's Australian unit has started to produce a new sports car to go on sale in Australia this October and in North America next year, Reuter reports from Sydney.

The car will be sold in the US and Canada through Ford's Lincoln Mercury division as the Mercury Capri.

At least 30,000 small sports cars, valued at A$400m, will be exported in a full year, Ford of Australia said.

The company has invested A$327m in the Capri programme. The front-wheel drive, two-door convertible is designed in Italy. Its engine is based on that used in Ford's Australian Laser model.

# Soviet trade with Turkey expected to rise by 28%

By Jim Bodgener in Ankara

THE Soviet Union's bilateral trade with Turkey is expected to increase to $900m this year – a 28 per cent rise on 1988, according to Soviet embassy officials in Ankara yesterday.

Much of this will be within the terms of a Turkish goods and services exchange agreement for Soviet natural gas.

The Turkish government has proposed construction of a second import pipeline, the Soviet embassy officials added.

Next year, Turkey will lift a total 2.4bn cubic metres of gas through a pipeline completed in 1987 from the Bulgarian border up to Ankara, the officials said.

The programme calls for gas imports to increase to 6bn cubic metres annually in the early 1990s.

The second pipeline would be built across Turkey's eastern border with the Soviet Union.

These developments follow a trip to Moscow this month by Mr Ekrem Pakdemirli, the Turkish Finance and Customs Minister.

During the talks, he reached agreement with the Soviet Union for a second $150m line of credit towards the 30 per cent in cash which Ankara will have to pay for the gas.

## OVERSEAS NEWS

# Cambodia peace talks break up in disarray

**By George Graham in Paris**

TALKS between leaders of Cambodia's rival factions broke up in total disagreement yesterday, only days before the scheduled start of an international conference aimed at settling their country's problems. The key problem remains the role of the notorious Khmer Rouge in any future interim government for Cambodia.

Prince Norodom Sihanouk, leader of the three party Cambodian resistance coalition, said he was very pessimistic about the prospects for next week's conference, but Mr Hun Sen, Prime Minister of the Vietnamese-backed government in Phnom Penh, said he still thought the conference should take place.

Mr Roland Dumas, the French Foreign Minister who has acted as intermediary in the talks, was last night seeking a compromise that would bring the rival Cambodian parties to the conference table in Paris next Monday, and French officials remained optimistic that a solution could be found.

Fighting between Cambodian guerrillas and Vietnamese-backed government troops has intensified along the Thai-Cambodian border in advance of the Paris talks, with several thousand Khmer Rouge guerrillas taking part. The Khmer Rouge is the strongest of the three guerrilla factions. It controlled the country for four years under the brutal regime of Pol Pot – during which more than 1m people were killed – until the Vietnamese invasion in 1978.

In yesterday's round table talks in Paris, Prince Sihanouk's coalition proposed that the conference should open with a single Cambodian delegation grouping all four parties: his own movement, the right wing Khmer People's Liberation Front led by Mr Son Sann, the Chinese-backed Khmer Rouge nominally led by Mr Khieu Samphan, and Mr Hun Sen's government.

Mr Hun Sen, however, insisted on two separate delegations. "I will not put myself in the same basket as the Khmer Rouge," he said yesterday after the talks had broken up at the chateau of La Celle St Cloud, on the outskirts of Paris.

The Cambodian prime minister said he believed the conference should open as planned on Monday in order to press ahead with finding solutions to the international problems that afflict the country, even if the Cambodians had reached an impasse over their internal problems.

He said that all Vietnamese troops remaining in Cambodia would leave between September 21 and September 26, but insisted that other foreign countries must in return stop military aid to the resistance movements, especially China to the Khmer Rouge.

Among other points on which the two sides fell out yesterday was the question of how to monitor the withdrawal of the Vietnamese troops from Cambodia. The Phnom Penh government opposed United Nations observers, together with a UN peacekeeping force, since the UN recognises the resistance coalition led by Prince Sihanouk.

Officials now have till Sunday to try to find a compromise formula that will allow the rival Cambodian groups to take part in the international conference next week which will be at foreign minister level. It will be attended by about 20 countries, including all five members of the UN Security Council, giving Mr John Major, Britain's new Foreign Secretary, his first major international outing.

EGYPTIAN President Hosni Mubarak (right), elected chairman of the Organisation of African Unity at this week's meeting, talks to Mali President Moussa Traore, his predecessor, during the first day of the summit.

African leaders yesterday urged the UN to strengthen its peacekeeping force in Namibia to halt alleged South African interference in the territory's independence elections.

UN Resolution 435, adopted in 1978, called for deployment of 7,500 troops in Namibia but the UN slashed the force this year to cut costs.

# Arab leader tells of Shamir's secret meetings

**By Hugh Carnegy in Jerusalem**

A SENIOR West Bank Palestinian yesterday gave the first public first-hand report of recent secret meetings between leading Palestinians from the occupied territories and Mr Yitzhak Shamir, the Israeli Prime Minister.

Mr Jamil Tarifi, a lawyer and prominent supporter of the Palestine Liberation Organisation, told journalists at his home near Ramallah that Mr Shamir had acknowledged the need for a political solution to the conflict in the West Bank and Gaza Strip and called for Palestinians to accept Israel's peace plan for the territories.

The meetings have become the subject of a public relations battle between Israel and the PLO. Mr Shamir's office denied they amounted to indirect talks with the PLO and the PLO asserted they were exactly that.

The PLO earlier this week named the four people it said had separately met Mr Shamir

Shamir: 'self-rule plan'

as Mr Tarifi, Mr Mansur Shawwa, a businessman for the Gaza Strip, Mr Mahmoud Abu Zuluf, an East Jerusalem newspaper editor, and Mr Ezzedin al-Arian, head of the West Bank Red Crescent organisation. It said all four had PLO clearance to meet the prime minister and had submitted reports to PLO HQ in Tunis.

Mr Shamir's office, meanwhile, refused to disclose the names of the four, saying they were not PLO members and had requested anonymity for fear of reprisals by the PLO. Mr Shawwa, Mr Abu Zuluf and Mr Al-Arian denied they were involved, despite the PLO statement.

Mr Tarifi, however, said he had indeed met Mr Shamir at the prime minister's Jerusalem office "a few days ago" for about 45 minutes. He denied the claim that he was afraid of the fact becoming public, despite denunciations of the meeting by the radical PLO group, the Popular Front for the Liberation of Palestine.

He refused to be drawn on what contacts he may subsequently have had with the PLO, saying only that "nothing happens in the occupied territories without the knowledge of the PLO."

His version of the meeting bore one striking resemblance to an account by Mr Yassir Arafat of the reports the PLO leader said he had received of the meetings.

Like Mr Arafat, Mr Tarifi used the term "semi-independence" to describe what Mr Shamir had offered, saying he thought Mr Shamir himself had used the term. Mr Shamir had insisted that the Palestinians accept his proposals for elections followed by interim self-rule, leaving a final settlement to later negotiations. The PLO is insisting on the principles of a final settlement being laid out in advance.

Mr Tarifi said Mr Shamir told him that tough conditions attached to the Israeli plans recently by his Likud party "meant nothing" and added that the prime minister seemed intent on convincing Palestinians that he was serious about his peace proposals.

# Row breaks out over HK boat people injuries

**By John Elliott in Hong Kong**

A CLASH has developed between the Hong Kong government and staff of the United Nations High Commissioner for Refugees over claims that a substantial number of Vietnamese boat people were beaten up and injured by police in a detention centre on Sunday night.

The fighting took place at Sek Kong camp, which was opened on a disused airfield as an emergency detention centre last month when several hundred new boat people were arriving in Hong Kong every day. There are now around 50,000 boat people in the colony.

Police denied UNHCR allegations that police officers had beaten up boat people and said that only four, all men, had requested medical treatment. Three who had head and leg injuries had been discharged. They said the injuries were accidental and had not been caused by police action. A fourth man, who had been detained in hospital, had not yet been questioned.

Mr Robert Van Leeuwen, chief of the local UNHCR mission, said a "considerable number" had been injured. He felt that the scale of what had happened could be compared with an incident at another camp called Hei Ling Chau a year ago when security guards beat up 100 boat people.

Staff from the UNHCR were reported to have said that last Sunday police hit women, children and old people indiscriminately.

The incident has happened at a time when tensions are rising in the crowded camps, especially those set up hurriedly in poor conditions. The weather is hot and there are also tensions over the Hong Kong government's controversial plans to tell boat people who do not qualify as political refugees to return home.

The police said the violence started when they were examining holes cut in a fence round the camp and were searching for weapons. Security guards carry out regular sweeps through all the camps looking for sharpened iron bars which are fashioned into weapons and used in clashes between different factions among the refugees.

Reuter adds: A senior UN official complained yesterday of a growing and sophisticated disinformation campaign in refugee camps in Hong Kong meant to persuade people against returning voluntarily to Vietnam.

He spoke after chairing a two-day meeting in Bangkok to discuss progress towards settling the fate of more than 100,000 Vietnamese in camps in the region under guidelines agreed at an international conference in Geneva last month.

# Unions apply some glue to Japan's fractious opposition

## Stefan Wagstyl on how unions helped inflict Sunday's defeat of the LDP

JAPANESE trade unions have returned from the political wilderness to play a key role in the current crisis.

Rengo, Japan's largest union confederation, scored an unprecedented victory in Sundays' national elections.

Contesting an election for the first time, Rengo secured seats for 11 out of 12 of its candidates. Rengo is committed to the alliance of opposition parties, led by the Japan Socialist Party, which inflicted on the ruling Liberal Democratic Party its biggest electoral defeat in more than 30 years in the election for the upper house of the Diet.

Rengo sees its main aim as maintaining the fragile unity between the JSP and the three other parties in the alliance – the Komei (clean government) party, the Democratic Socialist Party and the United Socialist Democratic Party.

Its role as a bridge-builder could determine whether the opposition parties succeed in their ultimate aim of throwing the LDP out of office.

On the face of it, Japanese trade unions are unlikely bridge-builders. Japanese trade unions are based mainly on individual companies, not on trades or industries. So they tend to be passive and particularistic and sometimes uninterested in supporting national organisations. The level of unionisation has been falling steadily from a peak of 56 per cent soon after the war to about 27 per cent.

Since the war there have been constant ideological arguments among nationally-active unions which have prevented the creation of a single national trade union movement. The oldest division is between unions linked to the Japan Communist Party and the Japan Socialist Party. The rift will not be closed in the foreseeable future – for other socialists the JCP is beyond the pale.

However, the non-communist unions finally agreed to let bygones be bygones in 1987 and established Rengo. Rengo is a confederation of independent unions as well as unions linked to the JSP and the social democratic parties. It covers 7.5m workers in the private sector, and about 2.7m in the public sector.

Rengo was formed out of recognition that socialists and social democrats had more in common than they had been prepared to acknowledge in the past. Also unions realised that workers wanted more out of life than annual pay rises and good working conditions. Rengo's aim is to secure a better quality of life – improvements in housing, education and welfare – changes which can only be secured through influencing the national government. Its charter set down that it would play a role in the "increasingly interdependent world of politics and economics."

Rengo did not originally intend to fight national elections. Mr Yoshio Sugai, head of public relations at Rengo, says: "We are not a political party. We will not become one."

However, in the summer of last year, the rising public anger at the Recruit affair persuaded Rengo to play a more active role. It approached the opposition parties and proposed running Rengo candidates in the upper house poll who would stand in the place of separate party candidates. In this way, the opposition parties would avoid cutting each other's throats. The parties stuck to the deal everywhere except in Okayama prefecture in western Japan, where the JSP insisted on running against Rengo. They split the opposition vote and the LDP scraped in by a narrow margin.

However, Rengo is unlikely to field candidates in the lower house election, which is due to be held by next summer and might come much sooner. This is because in the lower house multi-seat constituencies predominate. The opposition parties often hope to secure more than one seat – so it would not be in their interest to stand aside for Rengo. "This would be very difficult for them," says Mr Sugai.

This tactical point highlights the weakness of Rengo's plan. The bridges it builds will only be as strong as the foundations on each side. The alliance is united in its aim of overthrowing the LDP. It is also united in its demand for the abolition of the consumption tax which the LDP introduced in April and which was the single biggest cause of its electoral defeat. But tensions between the partners are already apparent – the DSP and Komeito resent the fact that the socialists' triumph was achieved partly at their expense.

On policy, Rengo is social democratic. Its leaders see eye-to-eye on most things with the pragmatic right of the JSP, which includes Miss Takako Doi, the chairman. Like the JSP it favours increased public spending on welfare, public works, and education. Like Miss Doi, though unlike the JSP left wing, it supports the basic pro-Western, pro-US stance of Japanese foreign policy. It believes defence spending might be reduced slightly but not by much.

Like the JSP it is opposed to further rapid agricultural liberalisation – something which cost the LDP millions of farmers' votes. It agrees with the right of the JSP on the need to slow down or halt the building of new nuclear power stations, but is not in favour of dismantling existing installations.

Above all, Rengo is not an antagonistic political force. It holds talks on economic policy with the employers' federations. It sees merit in some policies and some individuals in the LDP. It wants to see a proper two-party democracy in Japan. Mr Sugai says: "We need to see a balance in Japanese politics."

# Israel revives controversial plan for refugees

**By Victor Mallet**

ISRAEL is reviving controversial plans to rehouse 350,000 Palestinian refugees living in camps in the Gaza strip and the West Bank, according to Mr Benjamin Netanyahu, Israel's Deputy Foreign Minister.

During a visit to London he said Israel was proposing a \$2bn rehabilitation programme spread over five years and funded by foreign donors. Britain, Mr Netanyahu suggested, could pay a tenth of the cost.

"The US has given a blanket approval. The Europeans have listened," he said. "The camps are pockets of misery...the rehabilitation of refugees makes sense on all counts."

Although conditions in much of Gaza are squalid, the Israeli proposals have been greeted with scepticism by British officials. The plans are likely to be viewed with suspicion by Palestinians who fear the loss of their refugee status and the effects of greater Israeli control outside the teeming camps.

"The refugee problem can only be solved as part of an overall settlement," said one British diplomat. "Of itself it is not going to provide a solution."

The rehabilitation of refugees in Gaza and the West Bank was one of the proposals in the Middle East peace plan put forward by Mr Yitzhak Shamir, the Israeli Prime Minister, in May. Yesterday Mr Netanyahu insisted that helping the refugees was intended to support rather than replace the political progress.

Israeli politicians want Palestinian refugees in the occupied territories and in neighbouring Arab countries to drop demands for a return to their ancestral homes in what is now Israel, and the abolition or rehabilitation of refugee camps is regarded as one way of achieving this.

# Seoul opposition leader 'wrote to Kim Il Sung'

**By Maggie Ford in Seoul**

MR Kim Dae Jung, South Korea's main opposition leader, has been accused by unidentified members of the Agency for National Security Planning (formerly the Korean CIA) of writing a letter to President Kim Il Sung, of North Korea.

The accusation follows the arrest earlier this month of Mr Suh Kyung Won, a National Assembly member for Mr Kim's Party for Peace and Democracy, for making a clandestine visit to Pyongyang in 1988.

Mr Suh was expelled from the party after the PPD reported his illegal visit to the authorities. His visit to North Korea preceded that of the Rev Moon Ik Hwan, a Protestant minister, who is on trial after being arrested on his return from the North.

Mr Kim has resisted efforts by the security police to interview him over the parliamentarian's visit and has strongly denied that he wrote to the North Korean Cabinet.

Yesterday, his party, supported by the second main opposition group, unsuccessfully called on the government of President Roh Tae Woo to apologise for attacks by the NSP on the opposition, dismiss its director and recall the National Assembly to debate the issue.

The government is adopting a tough line following a Cabinet reshuffle last week. Of six new appointees, five have links with the authoritarian regime of former President Chun Doo Hwan.

The government faces a further challenge to its authority later this week when a South Korean student, Miss Lim Soo Kyung, will attempt to return from North Korea through the border village of Panmunjom. Miss Lim attended the World Youth Festival held earlier this month and faces arrest on her return.

● A team of more than 30 businessmen, led by the founder of the Hyundai conglomerate, has left for the Soviet Union to identify investment opportunities.

# Mauritius launches offshore bank centre

**By Gordon Cramb**

MAURITIUS launched itself yesterday as Africa's first offshore banking centre, with a package of tax and duty incentives aimed at attracting foreign institutions.

Bankers regarded the terms on offer as broadly in line with those of established offshore centres in the Gulf and elsewhere. However, they said Mauritius could become a significant haven for private deposits from South Africa, already the source of a large volume of tourist traffic to the Indian Ocean island.

Banks "of established reputation" are being sought to apply for an offshore banking licence, which will require a capital injection of some \$1.6m or its equivalent plus an annual \$20,000 fee.

According to the Bank of Mauritius, the island's central bank, "it will be a centre for bona fide banking business and not for brass-plate banking." At the same time, it stresses the secrecy provisions in the country's Banking Act protecting customer accounts.

Operations will be subject to a concessionary 5 per cent corporate tax rate, with other profits freely remittable. Barclays of the UK, the first to have been awarded a licence, is cautiously optimistic about prospects for growth there. Mr Iain Knapman, area manager, said in London yesterday that the unit should find a role "in multi-currency business which is a significant market on the African continent."

He acknowledged it was likely also to attract attention from affluent South Africans seeking to place funds abroad in the face of Pretoria's strict exchange control legislation.

Mr Vishnu Lutchmeenaraidoo, Finance Minister, said that while less than 1 per cent of foreign investment in Mauritius came from South Africa, the country was "open to all banks and institutions which are creditworthy."

Offshore licences have also been approved for the Bombay-based Bank of Baroda and Banque Privée Edmond de Rothschild.

# Assault on unpopular sales tax

JAPAN'S main opposition parties yesterday decided to submit a bill to abolish an unpopular sales tax which was the main cause of the ruling Liberal Democratic Party's stunning defeat in elections last weekend, Reuter reports from Tokyo.

The 3 per cent tax slapped on all consumer goods and services in April angered voters and the LDP lost its majority in the Upper House of parliament for the first time since the party was founded 34 years ago, giving the opposition a chance to block LDP-sponsored bills from the lower house and to initiate their own.

The Japan Socialist Party, which scored the biggest gains in Sunday's election, said the bill to abolish the tax would be submitted to the Upper House in an extraordinary session to be convened in late August. "We are submitting this because all of our parties promised this during the election," a party spokesman said.

"The lower house will probably vote against it, so the bill will be sent to a joint committee of both houses where a compromise will be worked out," he added.

The ruling party has continued to defend the sales tax despite the disastrous effect on its political prospects, saying it was essential to ensure stable government revenues into the 21st century.

● Japan yesterday sought to minimize the impact of its political troubles on international affairs with assurances that diplomatic contacts would go ahead, including the visit to Washington of Mr Taku Yamasaki, the Defence Agency chief and that of Mr Hiroshi Mitsuzuka, the Foreign minister to Paris this weekend, AP reports from Tokyo.

Indian troops stand guard outside a Sri Lankan TV station

# Sri Lanka edges towards showdown with India

## Colombo has ordered all Indian troops off the island by Saturday, writes Mervyn de Silva

SATURDAY brings a dangerous showdown between a small island nation and the world's second-most populous country. It will be the second anniversary of the Indo-Sri Lankan peace accord which resulted in an Indian peace-keeping force going to Sri Lanka to try to secure calm in the ethnically troubled island. Sri Lankan has given India notice that its 50,000-60,000 troops must be out by Saturday; India has given notice that they will stay where they are.

The troops' job was to disarm the Tamil "Tigers", the most powerful of the Tamil separatist groups, together with the other militant groups. President Junius Jayawardene agreed that he would in turn set up a merged north-east provincial council to go a long way towards meeting Tamil aspiratons for regional autonomy.

Much of this has been done but not to the total satisfaction of Tamils or of Mr Rajiv Gandhi, Prime Minister of India, who has promised to guarantee the security of the minority Tamils.

President Ranasinghe Premadasa, who has since replaced Mr Jayawardene and who has always been opposed to the Indo-Sri Lankan accord, has threatened that if the Indian force does not withdraw he will order Sri Lankan troops, confined to barracks in the north east under the accord, to take charge of the north-east region.

He has not explained how this can be achieved; Sri Lanka's total armed forces strength is 35,000 men and many are already tied up in massive search-and-destroy operations against the extremist Sinhalese JVP group. The JVP's most potent slogan against Mr Premadasa is that he is a "puppet of Indian hegemonists and their occupation army."

The government fears the JVP will only increase the pressure if Indian troops do not leave. In a special broadcast last night Mr Ranjan Wijeratne, the Minister of Defence, warned that disruptive and criminal elements were planning to cause bloodshed and chaos in Colombo in the next few days in an attempt to overthrow the government. He said they planned to exploit the present climate of tension over the question of Indian troops in the island.

What happens after the weekend is anybody's guess and every Sri Lankan's deepest worry. Breaking a long silence, Mr Lalith Athulathmudali, National Security Minister in the Jayawardene cabinet and now in charge of agriculture, told Parliament: "The crisis is very serious. We must avoid a confrontation."

President Premadasa may suspend relations with India and take the issue to the United Nations. Such a move would damage India's international reputation and its regional leadership role. Already the row has forced Pakistan to postpone indefinitely the foreign ministers meeting of the seven nation South Asia Association for Regional Co-operation, whose future could be in jeopardy if the Indo-Sri Lankan dispute worsens.

Mr Sahabzada Yaqub Khan, the Pakistani Foreign Minister, visited Colombo last weekend to caution Mr Premadasa against "brinkmanship" that could lead to a regional crisis.

Partly because of India's punitive trade blockade of land-locked Nepal, regional sympathies have swung strongly in Sri Lanka's favour; it is seen increasingly as another victim of the region's "big bully."

In an attempt to compromise, Mr Gandhi has called for consultations on an agreed timetable for a pull-out of Indian troops. Mr Premadasa has set four preconditions:

● The Indian peace keeping force must take orders from Sri Lanka's commander-in-chief (President Premadasa).

● The accord is accepted as inter-state and bilateral and not involving third parties (which means the Tamils).

● The peace-keeping force issue and devolution are not connected.

● India must not allow its territory to be used for anti-Sri Lanka activities.

The last point was prompted by a broadcast on Indian state television by the leader of a pro-Indian Tamil group which said that if the Indians pulled out the north-east provincial assembly would unilaterally declare an independent Tamil state. This threat was later withdrawn under Indian pressure. "India seems to have abandoned the Bangladesh option," said Mr Lakshman Jayakody, the Sri Lanken opposition foreign affairs spokesman, adding: "That leaves Cyprus."

Mr Premadasa regards the first precondition as the most crucial and non-negotiable. "It is a question of sovereignty," he said. It is the one point which Mr Gandhi cannot concede, since it means a loss of face for an Indian army which has already taken quite a beating from the "Tigers", losing 1,000 men including many officers in two years.

If the Indians left and a bloodbath, even civil war, occurred in the Tamil north it would have have an explosive effect in the important south Indian state of Tamil Nadu, where 55m Tamils live. Mr Gandhi, who faces a general election in December, is most likely to declare his own timetable for withdrawing from Sri Lanka and stick to it, allowing Mr Premadasa to do his worst.

The last thing Sri Lanka can face, however, is yet another crisis. Its economy has been virtually crushed and tourism has collapsed. Widespread violence, disruption and drought all make matters worse. Foreign reserves are down to just 10 days of imports. Businessmen complain about a central bank credit squeeze.

# Hint of easing in monetary policy

**By Janet Bush in New York**

THERE was apaculation yesterday that the US Federal Reserve had initiated a further easing in monetary policy following reports indicating a continuing US industrial slowdown.

The Fed surprised markets by not draining reserves from the banking system through matched sales agreements as had been widely expected, a move which would have maintained the status quo on interest rates.

The omission of any open market operation by the central bank was seen as the first hint that the Fed may have lnwered its target for Fed Funds, the rate at which banks lend to each other overnight and a prime tool of monetary policy, towards 9 per cent from 9¼ per cent.

After the Fed announced that it was not operating, the Fed Funds rate slipped to 9⅛ per cent.

Bond analysts were cautious in interpreting yesterday's events as decisive evidence of an easing move but said they were, at the least, suspicious.

Markets had been expecting the Fed to loosen credit conditions again in response to decelerating economic growth but the consensus had been that the central bank would wait until it had seen July's employment figures due to be released on August 4.

Economic news yesterday inclnded the release of June durahle goods orders which rose 0.3 per cent, in line with expectations, but fell 0.7 per cent once defence orders were stripped ont. Orders fell a revised 4.4 per cent in May.

The Employment Cost Index, watched closely as an indicator of wage trends, rose by 1.1 per cent in the second quarter, the same gain as in the second quarter of 1988.

The suggestion of a further easing had little impact on markets. The Treasury's benchmark long bond was quoted ⅛ point higher at mid-session to yield 8.12 per cent while the Dow Jones Industrial Average was 6.82 higher at 2,591.80, well below earlier highs.

# Corruption charges torpedo Sarney's bid for respectability

Sarney: ranting tones or sidestepping the questions

A MELODRAMATIC exchange of corruption allegations yesterday all but sank a spirited if vain attempt by President José Sarney of Brazil to rehabilitate the name of his widely discredited government, writes Ivo Dawnay in Rio de Janeiro.

Hours before the President appeared on television to defend his record, the leading candidate in this year's elections was delivering a 12 kilo dossier of accusations against the regime to the Justice Ministry.

For his pains, Mr Fernando Collor de Mello received in return a smaller portfolio of malpractice charges levelled against his administration of the north-eastern state of Alagoas from Mr Oscar Dias Correa, the Justice Minister.

Inevitably, it was this five-minute photo-opportunity, not the 75-minute television interview, that dominated the headlines.

With Mr Collor standing as the candidate for clean government, his opponents are clinging to the hope that scandal might reduce his formidable lead in the polls.

Currently, the 38-year-old governor has about 40 per cent of voters' preferences against 13 per cent for Mr Leonel Brizola, the veteran left-wing populist. Few if any Brazilians are likely to believe, however, that the ping-pong game of charge and counter-charge performed before the press photographers will come to anything.

A Senate committee of inquiry conducted into earlier allegations against the Sarney regime last year was quietly shelved after hours of public hearings.

Furthermore, though the Federal Police and other state agencies have conducted investigations, no leading political figure has yet been charged with an offence.

What has damaged Brazil's first civilian administration in 21 years is a widely perceived climate of irresponsibility, corruption and impunity that has characterised the last four years – provoking an outcry against politicians.

In his interview Mr Sarney astutely raised issues that independent political scientists have singled out as being behind the country's political and economic crisis. In particular, he pointed to the ambivalence in the new constitution and an alleged refusal of Congress to play a role in government.

"The President no longer has any power whatever, given the constitution," he said.

But for the most part, Mr Sarney's angry efforts to defend his record, delivered in a sustained ranting tone, appeared likely only to reinforce the view that he had absolved himself from any responsibility for the crisis.

On the issue that most recently provoked a storm of popular indignation - the President's vast delegation to the French Revolution bicentennial celebrations in Paris - Mr Sarney merely sidestepped the questions.

The outcome of a week of political mndslinging appears again to have been: Politicians 0, President 0; Spectators disgusted.

# Cool wind of divestment blows in the Caribbean

## Canute James in Kingston looks at efforts to reduce state involvement in national economies

THE JAMAICAN government has just removed two "for sale" signs from 10 of its state-owned Caribbean resort hotels.

Negotiations over the sale of the remaining eight hotels are being completed with prospective purchasers - which is good news for a government divesting parts of several state enterprises through various leasing and joint venture agreements, and outright sales of equity.

In Guyana, across the water, the government there is offering 10 companies for sale.

Governments in the Caribbean are looking to the proceeds from divestments to meet growing demands for fiscal adjustments and to reduce the involvement of the state in national economies.

In many cases the state companies have been incurring heavy losses which have to be made np by support from already stretched budgets.

The governments are being prodded by the need for greater fiscal discipline as part of agreements with international financial institutions which are demanding lower budget deficits.

The continuing sell-off of the Jamaican hotels is the largest divestment programme to be undertaken in the region. The effort to sell the resorts was begun by the previous government, which was voted out in February.

Earlier efforts at divestment saw the sale of a half of the island's largest commercial bank, the only cement producer and a slice of the government'a stake in the island'a telecommnnications company.

Until this month, the response to the offer of the hotels had been unenthusiastic. Government officials said the tendency in the industry was for leasing properties, rather than outright purchase.

The resorts were acquired by the government in the 1970s when government guaranteed loans were converted to equity after owners threw up their hands when there was a slump in the island'a tourism.

There is now, however, an apparent change in attitnde, and according to Mr P.J. Patterson, Jamaica's prodnction and planning minister, the resorts will soon all be purchased.

"The negotiations are sensitive so at this stage we will not announce the names of the people we are talking to or any financial details," he said.

Just over 3,000 rooms are involved, and government officials say they expect sales to be based on room prices of between $25,000 and $50,000 each, suggesting that the government could earn as mnch as $150m from the deals. In its pitch to encourage investors, the government has pointed to steady growth in the island'a tourism, with the volume of stayover visitors growing by 75 per cent in the past eight years, and projected to grow another 30 per cent by 1992.

The effort to sell the hotels is being assisted by Samuel Montagu, the merchant bankers, and Mr Patterson said parts of the purchase of the resorts may be done under the government'a debt/equity conversion programme.

Caribbean resorts – testing the water for fiscal discipline

After several years of little action, Trinidad and Tobago's divestment efforts are gathering momentum.

With a deterioration in the oil-based economy, the government has been forced to reduce financial support for state enterprises which accounted for $768m of the country's $1.76bn foreign debt.

A major breakthrough in the divestment programme came at the start of May when the Ispat Group of India leased the state-owned Iron and Steel Company of Trinidad of Trinidad and Tobago.

Ispat will operate the plant for 10 years. The steel mill has a history of financial problems, having lost just under $500m in the past seven years. Iscott, which was constructed at a cost of $460m, began operating in 1981, and is projecting net profits of abont $50m between this year and 1990.

The lease agreement for the mill coincided with the government's public offer of some of its assets in the Trinidad Cement Company, after converting abont a half of the company's debt to the government into equity.

The government expects to raise just under $50m if the offer is fully subscribed. Mr Richard Jackman, the company's managing director, said recently that a loss of $5.4m in 1987 was turned around to a profit of $2m last year.

The government is also making public offers to rednce its 51 per cent stake in the National Commercial Bank to 36 per cent, while also offering 49 per cent of Telco, the state-owned telecommunications company.

Officials say discussions are being held with foreign companies which they are relnctant to name. Businessmen suggest that these are British Telecom, Cable and Wireless and Northern Telecom of Canada.

State-owned hotels on the island of Tobago are also being offered for divestment. Where no purchasers are likely the government has not heen afraid to shut down companies, as it did recently with its national fishing firm.

Prospective investors have been worried, however, over legislation which limits the local holdings of foreign companies.

Mr Ken Gordon, Trinidad and Tobago's industry minister, said recently that the government is committed to changing the legislation to improve the opportunities for foreign investors.

Guyana'a efforts at divestment of state companies have just been launched. It involves ten companies in transport, agriculture, chemicals and fishing.

According to Mr Carl Greenidge, the finance minister, the government wants to end its total ownership of the companies.

"Tha possibilities include total closure and simple abandonment, outright sale to the private sector, and appropriate joint venture arrangements, including partial sale and leasing," he explained. "The entities will not be allowed to be a drain on, or marginally contribute, to the treasury."

Bnt most governments in the region are hoping that they can find buyers for the companies they are offering. "One problem these governments have is convincing prospective foreign buyers and local shareholders that the companies are viahle," said a Jamaican banker who has been involved in the island's divestment programme.

"If the companies have been money-spinners then the governments wonld be reluctant to sell them. Bnt where they have been making money, as is the case with the Jamaican bank, the offers are oversubscribed.

It may be too much to hope that a simple change of the ownership structure will be enough to change the profitability of some companies."

# House cuts $2bn from Star Wars programme

**By Lionel Barber in Washington**

THE House of Representatives yesterday slashed hy almost $2bn President Bush's request for spending on the "Star Wars" strategic defence initiative in next year's budget.

The cut by the Democrat-controlled House was deeper than expected, and would leave the administratioo with $2.9bn to fund the programme which President Reagan declared would ulimately be able defend the US against a ballistic missile attack.

However, the House spending limit is still open to revision when leaders meet their Senate counterparts to reconcile their respective bills for the defence budget for fiscal 1990, starting October 1 this year.

President Bush conceded to Republican loyalists yesterday that he may not have fought hard enough for the SDI programme. The administration has been on the defensive recently as it has tried to persuade a sceptical Congress to fund the B-2 radar-evading Stealth bomber. The B-2 has been plagued with technical problems, has only just made its maiden flight, and costs more than $500m per aircraft. "They focussed hard on this issue," said one Republican, "and they got creamed on SDI."

In the US Senate, the two senior members of the Armed Services committee, Democrat Senator Sam Nunn of Georgia, and Republican John Warner of Virginia, yesterday offered an amendment banning large-scale purchasing of the B-2 until prototypes meet strict flight tests. The Pentagon is still sticking to its plan to buy 132 Stealth bombers, at a cost of $70bn spread over time.

Behind this year's debate is a growing restiveness over the amonnt of money the administration wants to spend on expensive weapons programmes, when US-Soviet relations are improving and the scope spending for domestic programmes is limited because of the hudget deficit. Nevertheless, this year's defence bills in Congress still provide for spending of $295bn.

## UK NEWS

# Union to discuss suspension of railway action

By Fiona Thompson, Labour Staff

TODAY'S sixth 24-hour strike by the National Union of Railwaymen could be the last.

The National Union of Railwaymen's execntive meets tomorrow morning and will consider a suspension of the present series of weekly stoppages.

The indications are that Mr Jimmy Knapp, NUR general secretary, has won enough support to enable him to reverse last week's 12 to eight vote against suspension.

The executive will review today's strike and report on its meetings with members around the country. There is a possibility that growing pressure from the rank and file to end the dispute may lead the executive to either recommend acceptance of British Rail's 8.8 per cent pay offer or decide to put it to the ballot.

A ballot would be most unusual for the NUR but not unprecedented. Constitutionally, its executive has the power, after consultations, to accept or reject pay offers. It normally only holds ballots on taking strike action.

To consider suspending its action, the NUR's executive would look for some indication from British Rail that it would agree to further negotiations at the conciliation service, Acas, on the question of bargaining machinery.

If the union appeared to be moving on the pay issue, BR is likely to feel it should make some concession in return. This could involve dropping its requirement that the union call off, as opposed to suspend, its action before both sides could return to Acas.

British Rail said yesterday it expected few trains to run today, acknowledging that key rail workers such as signalmen and guards were remaining loyal to the union.

Each strike day results in a loss of 0.4 per cent of the 8.8 per cent offer.

There will also be no trains running on London Underground today due to a seperate dispnte by NUR and Aslef Tube members on pay and conditions.

# London port sacks striking dockers

By Michael Smith and Ian Hamilton-Fazey

THE LONDON port of Tilbury yesterday intensified attempts to break the national dock strike when it sacked striking workers and warned others they would lose their jobs without compensation unless they returned to work and agreed to sign new employment contracts.

In Liverpool, the Mersey Docks and Harbour Company also told its 1,000 dockers that they could be sacked – and lose their right to redundancy money of up to £35,000 – if they remained on strike.

The TGWU transport union said the employment contracts offered less pay, more hours and worse conditions. Mr Ron Todd, TGWU general secretary, said that Tilbury was trying to withdraw recognition from the union. He urged dockers who bad gone back to work to rejoin the strike.

Tilbury's 16 shop stewards were among those made redundant at the port yesterday. Port authorities said they were no longer needed because of a port restructuring but would be given full redundancy pay.

Dockers who have been offered new contracts were told they must sign them by Thursday at 5 pm. Failure to do so would mean losing their entitlement to redundancy money.

The strike, now in its third week, was sparked off by the Government's decision to abolish the Docks Labour Scheme which regulated employment conditions in most UK ports.

The reshuffle that surprised everyone but those in the know included: Geoffrey Howe, Douglas Hurd, Margaret Thatcher, John Major and Kenneth Baker

# Howe declined Home Secretary post in reshuffle

By Philip Stephens, Political Editor

SIR Geoffrey Howe's reluctant departure from the Foreign Office to make way for the promotion of Mr John Major, yesterday cast a shadow over Mrs Margaret Thatcher's dramatic restructuring of her Government.

As the background to the reshuffle emerged, it became clear that Sir Geoffrey had been offered the post of Home Secretary – held by Mr Douglas Hurd – before eventually accepting that of Leader of the House of Commons and Deputy Prime Minister.

The Prime Minister insisted that her radical package of cabinet-level changes – followed yesterday by a flurry of promotions among junior Ministers – would reinforce the Government's commitment to its present policies.

However, the offer to Sir Geoffrey, which Downing Street had hoped would remain confidential, was seen as a slight to Mr Hurd, who had been convinced by a conversation with Mrs Thatcher only a few days earlier that his position was not under threat.

Had Sir Geoffrey accepted it, Mr Hurd would have been transferred to the Commons post.

There were also suggestions at Westminster that Mr Nigel Lawson, the Chancellor, had been offended by the Prime Minister's decision to hand his official residence at Dorneywood over to Sir Geoffrey.

Sir Geoffrey yasterday emphasised that he was content with his new role as the Government's business manager in the House of Commons and the chairman of several key ministerial committees.

He was clearly subdued, however, when he appeared at Westminster and friends said that he had been "stunned" by Mrs Thatcher's decision to move him. They suggested that sharp differences over their approach to European integration may have prompted her decision.

Sir Geoffrey, who indicated that he expects to assume the pivotal position in the Government once enjoyed by Lord Whitelaw, won the title of deputy prime minister and the committee chairmanships only after two meetings with the Prime Minister.

The apparent tension was also reflected yesterday in Downing Street's insistence that the title has no constitutional basis and was given as a "courtesy."

The details of the behind-the-scenes manouevring marred the broad welcome from Conservative MPs for the cabinet changes. The promotions for Mr John Major, Mr Chris Patten and for Mr Kenneth Baker were all seen as a significant shift towards improving the presention of the Government's policies.

Mr Baker, the new party chairman, said that the new team would "improve the cutting edge of the Government", while Mr Chris Patten, the new Environment Secretary, indicated that he would pay close attention to public concerns over the poll tax and environmental issues.

Mr Major, who admitted that his appointment had come "like a bolt from the blue", said that Britain's future in Europe was of critical importance for the Government.

The view at Westminster, however, was that initially at least he will face pressure from Mrs Thatcher to adopt a critical approacb to calls from Britain's partners for greater integration.

Mr Norman Lamont, the new Chief Secretary to the Treasury, warned, bowever, that the new cabinet Ministers could not expect any relaxation of the Treasury's tough line on overall public spending in the fortbcoming round of negotiations.

Mrs Thatcber said in the Commons that the reshuffle did not signal a change in the policies which had "transformed" Britain's performance.

The reshuffle, Page 9

# GPT offers to cut engineers' work week

By Michael Smith, Labour Staff

GPT, the telecommunications joint venture owned by the UK electronics groups, GEC and Plessey, is offering a 37½-hour week to manual workers as part of a radical shake-up of work practices and conditions at one its three largest plants.

The proposal to cut the working week by 90 minutes comes as engineering unions step np their national campaign to reduce hours for all members. However, other controversial parts of the package – including the introduction of performance related pay for all staff – mean it is by no means certain of acceptance.

GPT expects the Beeston programme to be a forerunner for similar schemes in the joint venture's other factories. Through it, the company would:

- Replace seven existing grade structures with a single integrated system.
- Relate pay progression to an individual's performance or skills.
- Introduce single status conditions for all employees and abolish distinctions between blue and white collar staff.
- Erode job demarcations by increasing job flexibility, and encourage greater team work.
- Launch an employee dividend plan to enable all staff to take a share in the company's profits.

Mr Bill Carr, personnel director for GPT's business systems group, said he hoped that the scheme, called the Business Improvement Plan, would be approved by the 3,200-strong workforce this summer.

However, Mr Dave de Lacy, works convener, said union members were unhappy with some of the proposals, particularly on demarcation and performance-related pay.

Most unions are opposed to performance-related pay on principle and very few UK companies have tried to introduce it for manual workers.

There is also opposition to the GPT scheme from sections of white collar staff who now work a 36¾-hour week.

# Ambulance union to vote on taking action over pay

BRITAIN'S 19,000 ambulance workers are to be urged by union leaders to stage their first industrial action in seven years after employers yesterday refused to increase a rejected 6.5 per cent pay offer, writes Michael Smith.

The ambulance workers will be balloted next montb on wbether they are prepared to ban overtime and rest-day working. A result is expected in early September with action, if approved, starting soon afterwards.

Workers rejected the original 6.5 per cent offer, and at talks yesterday union leaders told the employers that they should either increase tbe offer or accept their call for arbitration.

- Some 140,000 police officers were yesterday awarded a 9.25 per cent pay rise. The increase, to take effect from September 1, covers all police officers except the Commissioner of Metropolitan Police in London.

## LEGAL NOTICES

TO ALL HOLDERS OF PENGO FINANCE, N.V. CLASS A AND CLASS B NON-INTEREST BEARING CONVERTIBLE SENIOR SUBORDINATED GUARANTEED DEBENTURES 1991 AND PENGO FINANCE, N.V. 8½ PERCENT CONVERTIBLE SUBORDINATED GUARANTEED DEBENTURES 1995 (COLLECTIVELY THE "DEBENTURES").

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE
PENGO INDUSTRIES, INC., Debtor. } CASE NO. 488-41303-MT-11 CHAPTER 11

NOTICE OF ORDER APPROVING DISCLOSURE STATEMENT AND OF TIME FOR ACCEPTING OR REJECTING PENGO INDUSTRIES, INC. PLAN OF REORGANIZATION

The Bankruptcy Court for the Northern District of Texas, Fort Worth Division, has entered an Order on July 20, 1989, approving a Disclosure Statement under Chapter 11 of the Bankruptcy Code that was filed by Pengo Industries, Inc. ("Pengo") on May 26, 1989, as modified, relating to the Pengo Plan of Reorganization ("Plan") of even date, as modified. The Plan along with the Disclosure Statement, is presently being transmitted to all creditors and interest holders for voting to accept or reject the Plan. This notice is to serve as information pertaining to the Plan voting process for holders of the Debentures.

1. DESCRIPTION OF THE PLAN:

The Plan provides that holders of Debentures will be treated as creditors in Class 5, which class includes the majority of unsecured creditors. Debenture Holders are included in Class 5 on the basis of Pengo's guarantee of the Debentures. Based on the amount of their respective claims, Creditors in Class 5 will receive a prorata share of a total of $1,000,000 in cash and 203,504 shares of New Common Stock to be issued by the reorganized Pengo. Subordination provisions of the respective indentures covering the Debentures will not be recognized in distributions under the Plan.

If the Plan is confirmed by the Bankruptcy Court, all rights of the Debenture holders insofar as the Pengo guarantee of the Debentures is concerned will be determined by the provisions of the Plan, whether a vote is cast in favor of, or against or no vote is made in respect to the Plan. The Plan requires that a Debenture holder submit the Debenture(s) to the indenture trustees for the respective issues on or before one (1) year from the Effective Date, as defined in the Plan, for any distributions to be made under the Plan.

2. OBTAINING A BALLOT AND VOTING:

In order to obtain a copy of the Plan, Disclosure Statement and Ballot, a holder of a Debenture must contact:
Akin, Gump, Strauss, Hauer and Feld,
Counsel for Pengo Industries, Inc.
4100 First City Center, 1700 Pacific Ave.
Dallas, TX 75201
Attention: David F. Staber
(214) 969-2800

Ballots must be returned so that counsel for Pengo receives them no later than 3:00 p.m., Dallas time, on August 29, 1989. A COPY OF THE DEBENTURE(S) FOR WHICH THE BALLOT IS CAST MUST BE ATTACHED TO THE RESPECTIVE BALLOT IN ORDER FOR THE BALLOT TO BE VALID.

3. OBJECTIONS TO CONFIRMATION:

Debenture holders wishing to object to the confirmation of the Plan may do so by filing a written objection by 5:00 p.m., Dallas time, August 23, 1989 with the Clerk of the Bankruptcy Court, 501 U.S. Courthouse, 10th and Lamar Sts., Fort Worth, Texas 76102 with a copy to counsel for Pengo.

4. INFORMATION:

Information may be obtained by contacting counsel for the Pengo or by contacting counsel for the indenture trustees of the Debentures as follows:

8½ Percent Debentures:
Roger A. Ferree, Esq.
McCutchen, Black, Verleger & Shea
600 Wilshire Boulevard
Los Angeles, CA 90017
(213) 624-2400
Counsel for Chemical Bank

Class A or B Debentures:
Edward L. Rothberg, Esq.
Liddell, Sapp, Zively, Hill & LaBoon
3500 Texas Commerce Tower
Houston, Texas 77002(713) 226-1200
Counsel for Texas Commerce Bank, N.A.

DATED July 20, 1989.

BY ORDER OF THE COURT
THE HONORABLE MASSIE TILLMAN
UNITED STATES BANKRUPTCY JUDGE

هكذا من الاجل

The Ford Drive for Value.

# New models. New engines. New equipment. Old prices.

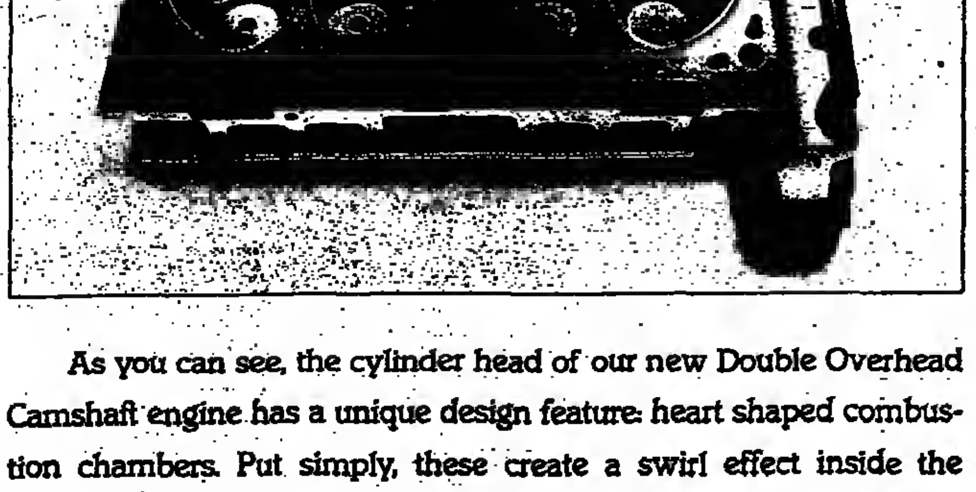
**The new Granada LX.** **The new Scorpio 2.0i DOHC.**

Ford have just completed a programme of improvements to the whole range of Granadas and Scorpios. And, because we're in the middle of our current Drive for Value, none of the improvements will cost you any extra on carryover models.

The first piece of news is our two new models; a new Granada LX and a new 2.0 litre Scorpio.

The LX comes with a choice of engines; the new 2.0 litre DOHC or DOHC injection, of which more later, or a 2.5 litre turbo diesel. And the new 2.0 litre Scorpio has the fuel-injected version of the new DOHC engine. A luxury car without a luxury tax bill.

**The new 2.0 litre DOHC engines.**
**Here's why they have such healthy performance.**



As you can see, the cylinder head of our new Double Overhead Camshaft engine has a unique design feature: heart shaped combustion chambers. Put simply, these create a swirl effect inside the cylinders which helps the incoming fuel, unleaded of course, burn faster and more cleanly. So you get more power and smoother acceleration with less waste and reduced exhaust emissions.

In other words, healthier performance.

The new DOHC engines are now available across the Scorpio and Granada range, with or without electronic fuel-injection depending on which model you choose. Racing engines apart, they are the most powerful non-turbocharged 2.0 litre engines we've made, so they're ideal for these big cars. And the good news is that, besides avoiding big car taxes, there's no increase in the maximum retail prices of cars fitted with the new engine, compared to previous models before 6th June '89.

**Extra equipment across the range.**

As most people know, all Granadas and Scorpios have always had anti-lock brakes, so they've always looked after you.

Well now they also have anti-theft alarms as standard, so they can look after themselves.

But that's just one part of our improvement programme. Every model gets new equipment: things like high-tech RDS sound systems in Scorpios, graphic equalisers in Ghia X's, Rapid De-ice windscreens in Ghias and rear head restraints in GL's. All for no extra money.

**Big price reductions on earlier models.**

Since the improved Granadas and Scorpios cost no extra, it seems only fair to reduce the maximum retail prices of earlier models built before 8th May 1989. They're big reductions too. From £550 on a 2.9 Ghia X automatic to £1400 on a Granada 2.0 L.

So, do you buy one of the new models with all the extra equipment for no extra money? Or one of the earlier cars for less money? If you need any help with your decision, call the Ford Information Service free on 0800 01 01 12.

Or, better still, see your Ford dealer.

Granada. Scorpio.

Ford

# Long summer heats up the pay rise stakes

**Ralph Atkins finds higher wage settlements run the risk of bringing inflation to the boil**

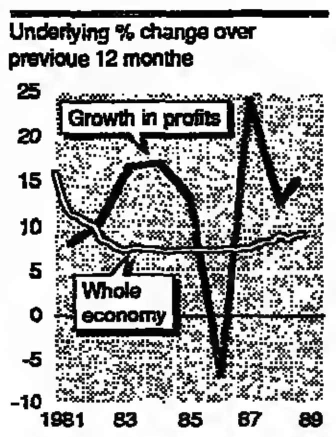
THE HEAT is on in the UK labour market.

The long, hot summer has brought a succession of higher and higber wage settlements just as the economy showed signs of slowing. Some in the City have spotted thunder clouds on the horizon, inflationary "wage spirals" that could undermine the economic strategy of Mr Nigel Lawson, the Chancellor, and force interest rates still higher.

"It is the thing we are most concerned about," says Mr Joe Roseman, UK economist at UBS Phillips & Drew, the securities house. "It is engraining inflation into the economy at a rate much faster than the Chancellor has assumed."

Wage rises could give price rises a fresh spur. In the past year inflation has been largely "demand-led," with companies taking advantage of strong spending to put up prices. But it could become driven instead by "cost push" pressures from the labour market.

Already there are signs of an irritable rash. In the first three months of 1989 wages and salaries for each unit of output in the economy were increasing at twice the rate of two years before. That will put pressure on profit margins and could feed through into higher



prices. Pay rises for top executives are also fuelling discontent by setting an unfortunate example, and they could also increase costs.

The long-run impact depends on the timing. Current wage settlements reflect largely last year's outpnt and profits performance. Their impact on future inflation will depend not only on the general level of agreements, but also on how they synchronise with output and profits in coming months.

It is possible to foresee both benign and gloomy scenarios.

Under the benign scenario wage rises will be accommodated, with little impact on prices, by the improved efficiency of companies. There are indeed enconraging signs. Growth in output per head, or productivity, remains relatively strong, at least in manufacturing.

And there is a strong case, given etrong profits growth last year, for arguing that high settlaments are a justified reward to employees.

Proponents of the "don't panic" school point out that the actual acceleration in wage settlements has been relatively small – with the growth rate picking up by perhaps one or two percentage points in the past year. Average earnings, which also include bonuses and overtime payments, are currently growing by 9.25 per cent a year, up from 8.5 per cent this time last year.

Higher wage settlements may also be a sign of a healthy economy. Pay levels are a mechanism for matching demand for labour with supply. When unemployment is falling steeply – albeit from very high levels – wage rises are inevitable.

However, the benign scenario depends crucially on the acceleration in wage rises not being prolonged.

Mr Richard Jeffrey, economist at Hoare Govett, said: "If we had an 'order of worry scale' from one to 10, wage pressures would be about eighth. I will be looking much harder at wage settlements at the end of the year when we will have seen a reduction in demand. If we don't see any reduction, then we are going to worry."

The snag is that historically UK wages are, in economists language, "downwardly rigid." In other words they rise mnch quicker than they fall.

High inflation is a greater incentive for higher pay demands than low inflation is for moderation. The current pay round comes at a time when inflation is at, or near, its peak. This leads on to the gloomy scenario.

According to this school the threat posed by higher wages is that the momentum behind current settlements becomes unstoppahle. Even if settlements are justifiable, the timing hecomes disruptive. As high interest rates slow the economy after several years of rapid growth, inflation could be given an end-of-cycle spin. In turn this could feed still higher pay demands.

Higher wages also feed through into higher consumer spending, upsetting the dampening down of demand that the Treasury is trying to engineer. The result could be another rise in interest rates to cut spending power and underline the Government's determination to beat inflation.

So far, evidence suggesting that a gloomy scenario is inevitable is far from conclusive. There are many who believe it can be avoided.

Mr Nigel Richardson, economist at Warburg Securities, said: "One of the key things is going to be what happens to the wage round in the autumn. That is probably the biggest hurdle the UK economy has to overcome."

The Treasury appears confident. It says current pay settlements are not a threat to its counter-inflation strategy – but could affect employment prospects.

Tha official line is that the Treasury opposes unjustified pay increases, whether for the highest or lowest paid groups of workers, and says it would prefer the current rate of settlements to be lower. However, it emphasises that wage levels are matters for the parties concerned.

That leaves responsibility for ensuring that the heat in the labour market does not fuel inflation squarely with the unions and employers.

# Wage issue awakes to haunt industrialists

**Charles Leadbeater traces the factors which roused demands for better pay deals**

AFTER lying dormant for several years pay is back as a major industrial issue.

The current wave of pay related disputes involves a wider range of occupational gronps than any period of industrial unrest since 1979. The number of working days lost through disputes this year is likely to be at least double the 3.7m last year.

What is feeding this pressure for higher pay; how long will it last; and what will the effects be on employers?

Union and company negotiators agree that the recent rises in inflation and interest rates have been the major factors destabilising pay hargaining.

In the past five years most of those in full-time employment have grown used to earnings running abont 2.5 per cent ahead of inflation.

The rise in inflation and mortgage repayment costs has not only threatened to eat into that, it has introduced an element of unpredictability about the cost of living. Workers want to insure against possible increases in the year ahead.

This concern has meant that unions' traditional role in pay hargaining has been reasserted. One senior personnel manager reflecting on recent events said: "There is a growing feeling among workers, union officials and some managers that industrial muscle is starting to pay off again."

However unions' ability to translate higher inflation into higher pay is only part of the explanation.

Earnings were rising strongly well before inflation started to drift upwards. The annual increase in average earnings rose from 7.75 per cent in September 1987, to 8.5 per cent in December that year. Inflation only started to rise from the beginning of 1988.

Nor was this pressure due to unions. According to the 1988 annual report of the conciliation service Acas: "It is hard to conclude that the threat of sanctions hy trade unions was at all significant in fuelling the continuing steep increase in average earnings."

The main underlying pressure has been a combination of a tightening labour market, rising productivity, increasing output and healthier profits in the private sector.

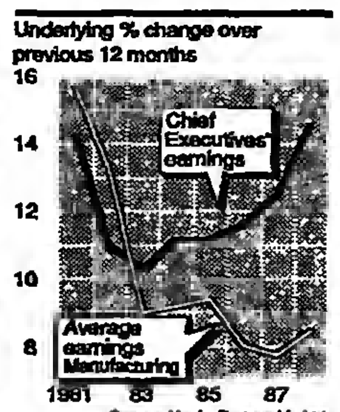
The tightening of the labour market has put unions in a much more secure position in pay bargaining. One index of this is the dramatic decline in the threat of unemployment. The number of redundancies declined from 238,000 in 1986 to 107,930 in 1988. In May this year there were 3,836 redundancies compared with 8,744 in the same month last year.

The labour market has become more competitive at hoth ends. Thus Tesco and Sainsbury's have increased youth pay scales by more than 20 per cent to help them attract young people in the face of the decline in the number of school-leavers. Mounting skill shortages have led to similar pressure for higher pay rises for computer staff.

Companies which in the early 1980s cut manning levels, introduced new technology and reformed working practices are now having to pay for the improved productivity and profitability.

The concerted move by many companies to introduce more effective employee communications programmes may also have played its part in fuelling pay pressure. One manufacturing company personnel manager said: "We now tell workers much more about how the company is performing, so naturally they are much more sensitive to improvements in profits."

The collective bargaining system has lost none of its effectiveness in spreading this pay pressure. The key settlement this year was the 9.2 award in May to 76,000 electricity manual workers. Skilled electricity jobs can be compared to engineers' jobs at Brit-



Source: Monks Partnership Ltd

ish Telecom where talks over an 8.3 per cent offer continued yesterday. The electricity settlement meant it was impossihle for Imperial Chemical Industries in the private sector to settle at less than 9.2 per cent withont courting industrial action.

Yet because electricity remains within the public sector it has also had a considerable impact on the climate for negotiations at British Rail.

According to Professor David Metcalf, head of the industrial relations department at the London School of Economics, the demise of the 1970s pay round has also helped to promote pay pressure.

"At least in the 1970s there was an end to the round over the summer when things cooled off. Bnt now we are moving into all year bargaining. The disputes in the early spring will have an effect on pay hargaining in the autumn."

Although prodnctivity growth at many manufacturing companies such as Vauxhall and Ford is expected to remain strong because of changes to working practices, it is likely to become increasingly difficult for employers, particularly in the public sector, to insist on productivity strings to pay deals.

Pressure for higher pay will not abate soon. Ford and Vauxhall settlements of close to 10 per cent could combine with yesterday'e 9.25 per cent award to 140,000 police officers and a possible settlement of between 8.5 and 9 per cent at BT, the country's largest private sector employer, to average earnings to 10 per cent by the end of the year.

A personnel manager with a company which has already settled pay at more than 9 per cent said: "Inflation coming down will be a great help. But the crucial thing will be the end of the boom in the economy, either a fall in output or just increasingly difficult trading conditions, people will start to feel that."

# Government 'prevents BR buying new stock'

**By Kevin Brown, Transport Correspondent**

BRITISH Rail is heing prevented from bnying new and mnch-needed rolling stock by the Government's strict rules on investment, the statutory railway watchdog organisation claimed yesterday.

The Central Transport Consultative Committee, set up to represent passengers after nationalisation of the railways in 1948, said it was becoming increasingly concerned ahont the "misery of overcrowding" on some BR lines.

"The key to conquering the problem of overcrowding lies in the provision of sufficient additional capacity," the committee says in its annnal report.

"It is therefore essential that BR continues to come forward with investment proposals for new rolling stock and related schemes where overcrowding exists, and that Government gives speedy authorisation to such projects."

The committee says BR "feels unable" to make a sound financial case for additional vehicles on one group of routes operated by its Provincial sector, even though passengers are suffering severe overcrowding.

In another case, the number of new vehicles approved by ministers for an expansion scheme on the Network South-East sector was less than the number requested by BR.

The committee says the Government's sole criterion in evalnating investment proposals is whether the project will achieve the 8 per cent rate of return on capital required of all nationalised indnstry investments.

"The Government's insistence that BR has to justify the cost of every scheme in purely financial terms, often by an assessment of potential savings resulting from the scrapping of old assets, is deterring BR from seeking new investment in rolling stock, even where this is known to be necessary to tackle overcrowding," the committee says.

Mr Mike Patterson, secretary of the CTCC, said BR was finding it impossible to meet agreed targets for service quality and reducing overcrowding because of the constraints on investment caused by the Government's financial regulations.

He urged the Government to relax the rules to allow investment to go ahead where it was needed to improve the quality of services.

Mr Lennox Napier, chairman, said the committee deeply regretted the decline of the Public Service Operating grant – intended to cover loss-making passenger services – which had now reached an "irreducihle minimum."

The grant has fallen by 51 per cent in real terms over the last five years, and is forecast to fall from £590m this year to £470m by 1992.

The committee claims there is a clear link between the decline of the subsidy and problems on rontes such as those in East Anglia and South Wales, where BR wants to withdraw evening services.

*CTCC annual report; Golden Cross House, Duncannon St., London WC2N 4JF.*

GOVERNMENT APPROACH

# Thatcher insists 'right policies' will continue

**By Ivor Owen, Parliamentary Correspondent**

CHANGES IN policy will not follow in the wake of the reallocation of cahinet posts affecting nine Whitehall departments, Mrs Margaret Thatcher, the Prime Minister, assured the Commons yesterday.

When Mr Neil Kinnock, the Labonr leader, sought to exploit the difficulties she encountered when removing Sir Geoffrey Howe from the post of Foreign Secretary, the Prime Minister insisted the "right policies" which had transformed the country would continue.

Mr Kinnock contended that hy arguing that no policy changes were needed Mrs Thatcher was disagreeing at a very early stage with Sir Geoffrey in his new role as Lord President of the Council and leader of the Commons.

The Labour leader claimed that Sir Geoffrey had stated his switch from the Foreign Office reflected the fact that the Government was facing a "new round of problems on the home front."

Mrs Thatcher retorted that the reconstructed Cahinet would deal with the problems it faced as effectively as its predecessors had done in the past.

Sir Geoffrey, who wae approached hy a number of senior Conservative backbenchers when he took his seat on the government front bench well in advance of Prime Minister's question time, listened impassively to the exchanges.

They began with Mr Martin Flannery (Lab Sheffield Hillsborough) accusing the Prime Minister of having "guillotined half the Cabinet and frightened the other half to death."

He asked if this could be interpreted as an admission that all the Government's fundamental policies had been wrong, and that "the lady" was now for turning.

Mrs Thatcher commented that Mr Flannery, a former headmaster, could not count, and had ignored the fact that the Labour Party was constantly changing its policies which had been, and remained, "rotten."

She explained that ministerial changes were made from time to time while the Government pursued the same policies which had brought success to the British people.

Dr David Owen, the leader of the Social Democratic Party, pressed for an undertaking that the Prime Minister would not interfere when Mr John Major, the new Foreign Secretary, wished to make a statement to the House.

The Prime Minister replied that she had great confidence in the new Foreign Secretary, as "with the past one."

POLL TAX

# Patten promises to do all he can to ease transition

**By Tom Lynch**

MR CHRIS PATTEN, in his Commons debut as Environment Secretary yesterday, took a conciliatory tone towards the Conservative backbenchers who last week eavaged Mr Nicholas Ridley, his predecessor, over the phasing in of the community charge, or poll tax.

Mr Patten, the first of the Cabinet newcomers to address the House, was given a lively hnt good-humoured reception by Lahour MPs, who made clear that they regarded him as an unlikely champion of the tax, which will replace domestic rates in England and Wales from next April.

Dr John Cunningham, the shadow Environment Secretary, opening an Opposition day debate on the poll tax, recalled Mr Patten's links with elements in the Tory Party which had been critical of the poll tax.

Mr Patten replied with a strong defence of the tax's merits compared with domestic rates and drew derisive Labour langhter when he declared: "The community charge puts tha community in charge."

The minister acknowledged Tory concern over the proposed safety net arrangements, under which some areas – principally in the wealthier parts of the country – will suhsidise poll tax levels in poorer areas for the first four years of the new system.

He promised he would do everything possibla to ease the transition but said he could not move to the new system overnight.

Some areas wanted an immediate end to the penaltiee implicit in the old rates system. Others needed tima to adjust to the withdrawal of the subsidy, which had been hidden under the old system hut was open under the new one.

Mr Patten told Tory backbenchers he would "look very carefully" at the points they mada when Mr Ridley announced the safety net figuree. However, he was "not sure the circle can be squared."

Welcoming the new minister, Dr Cunningham said he must have some "private misgivings" at having "inherited something of a shambles."

Last week's uproar against Mr Ridley had proved there was "fear spreading through the Tory Party" about the implications of the poll tax.

In Scotland, where it was introduced this year, the Tories had suffered electoral disaster, and he predicted the same would happen in England and Wales.

"In the main, Tory MPs voted for what they are getting and their panic is quite astonishing. Many apparently did not know what they were voting for."

He predicted more prohlems for the Government when husinesses, particularly in the south, realised the impact of the uniform business rate. Tory MPs would come under severe pressure from businessmen involved in local Tory associations.

Tories challenged Dr Cunningham over remarks last week by Mr Neil Kinnock, the Labour leader, that his party's alternative of capital value taxation comhined with local incoma tax needed "sophisticating."

Mr Patten asked when the policy would be "sophisticated enough to share with the rest of us."

# More air delays if French engineers resume action

**By Lynton McLain**

FURTHER delays for air travellers are expected from today if French air traffic engineers go ahead with the industrial action that they have threatened to take until next Monday.

The engineers' action two weeks ago caused the greatest disruption and longest delays this year to flights passing through French air space.

The Civil Aviation Authority in London was notified of the threat of further industrial action yesterday and warned that some delays could be substantial. Talks between the engineers and the French air traffic control authorities continued yesterday.

The prospect of further delays came as the CAA published its first leagua table of delays by airlines.

One of the worst offenders was British Island Airways, with an average delay of three hours and 12 minutes for its flights between Gatwick and Malaga in April this year. On BIA flights to Faro, Portugal, the average delay was four hours 16 minutes. BIA flights to Zurich had average delays of two hours 23 minutes.

Mr Jerry Noble, the group development director of British Island Airways, described the result as "almost luck of the draw."

"The vast majority of our delays are caused by air traffic control. We ask for a slot and are told to wait until we are given one, just like every other airline," he said.

The overall average delay for 12 airlines leaving Gatwick for Malaga in April, was one hour 34 minutes; to Faro (8 airlines) 82 minutes; and to Zurich (10 airlines) 26 minutes.

The CAA survey compared the sctual times against planned flight times of 54,000 flights by both British and foreign airlines at Haathrow, Gatwick, Manchester, Birmingham, Luton and Stansted.

The report shows that in April this year (the only month surveyed) at the first four airports, 64 per cent of flights were "on time" (defined as early to 15 minutes late), compared to 71 per cent "on time" last year.

# Volvo to offer catalytic exhaust converters free from next year

**By Kevin Done, Motor Industry Correspondent**

VOLVO Concessionaires, the UK importer and distributor of Volvo cars, is to offer catalytic converters as an option on all models from the beginning of next year at no extra cost.

The Volvo initiative yesterday took the UK motor industry by surprise and is likely to cause consternation among rival car makers, who have all previously indicated that catalyst-equipped cars would be more expensive.

Only a handful of cars with catalytic converter options – which drastically reduce harmful exhaust emissions – are currently being offered in the UK, and car makers are demanding a premium of several hundred pounds.

Manufacturers are being forced to adjust rapidly to the new environmental awareness in Europe, however. Most are planning to launch catalysts as options in the UK on the majority of their models over the next 12 months and the Volvo move could force other groups to reduce prices.

Car makers have accepted that the tide in Europe has moved decisively in favour of much tougher exhaust emission controls – equivalent to those in force in the US, Japan and in some European countries outside the European Community, such as Sweden, Switzerland and Austria. They are reacting quickly so as not to be left behind in the "green" marketing hattle that is developing in Europe.

Mr Philip Payze, chief executive of Volvo Concessionaires, a wholly-owned subsidiary of Lex Service, said yesterday that the costs of using catalytic converters had been "mnch exaggerated."

From the beginning of January there will be no price differential between catalyst and non-catalyst Volvo models sold in the UK, irrespective of the type of catalyst system.

There would be no general price increase to take account of the no-cost catalyst options, said the company. The cost of the initiative would be shared between Volvo Concessionaires and Volvo of Sweden, said Mr Charles Hunter-Pease, sales and marketing director of the UK importer.

Mr Payze said that the price of Volvo cars would probahly rise hy up to 3 per cent in September, an increase which he expected to be in line with general rises to be announced by other manufacturers.

Volvo currently offers catalyst versions of some of its 440 models, with an extra charge of between £175 and £260. This premium would be removed for next year's model cars, said Mr Hunter-Pease, and customers who have paid this axtra charge this year would be refunded.

Volvo's initiative could force a rapid change of strategy by rival car makers in the UK market, who currently charge premiums of between £200 and £850.

Volkswagen/Audi, one of the companies which has taken a lead in offering models with catalyst options, currently charges a premium of £204 for a simple, so-called unregulated catalyst unit on some Golf and Jetta models.

The more sophisticated catalyst-equipped Audi 100 is £500 more expensive than the non-catalyst version, albeit with a slightly more powerful engine.

Rover charges the highest premium, demanding an extra £850 for its catalyst-equipped Rover 827 models.

The market for catalyst-equipped cars, which have to run on unleaded petrol, is still in its infancy in the UK. Such models accounted for only some 0.2 per cent of UK new car sales in May, according to the Society of Motor Manufacturers and Traders.

The picture will change rapidly during the next three-and-a-half years, however, and according to recently agreed European Community exhaust emission regulations all new cars sold in the EC will have to be equipped with three-way catalytic converters from the beginning of 1993.

Some European markets are already much more advanced, however. In West Germany, the single biggest car market in Europe, sophisticated three-way catalyst-equipped cars already accounted for 41.8 per cent of new car sales in the first four months of the year.

# Wider powers for banking ombudsman

**By David Barchard**

MOVES TO strengthen the Banking Ombudsman Scheme, which covers 20 banks in the UK and includes all the main high street hanks, were announced yesterday.

Among the changes is the creation of a deputy banking ombudsman. Mrs Sarah Williams, a solicitor who has worked in the Banking Ombudsman Office since 1986, has been appointed to the post.

The changes bring the scheme into line with recommendations made in the Jack Committee report in March on bank–customer relations.

The ombudsman's terms of reference will be widened to include powers to order compensation for maladministration and unfair treatment.

A wider range of banking organisations will also be invited to join the scheme, of which Abbey National has just become a member.

# Research study planned

**By David Fishlock, Science Editor**

A DETAILED study of the proposal to merge Britain's five research councils into a single national research council administering about £800m of government research funds is to be submitted to government in October by the Advisory Board for the Research Councils.

Professor Sir David Phillips, chairman of ABRC, said the board was generally sympathetic to the merger proposal pnt forward in the Morris report.

The report, from Mr Dick Morris, the ABRC's deputy chairman, has recommended reorganisation into six semi-antonomous science divisions under a single "holding board."

ELECTRICITY BILL

# Calls for delay rejected despite Magnox move

**By John Mason**

THE Government yesterday rejected opposition calls for the final stages of the Electricity Bill to be delayed until tha autumn to allow full consideration of the consequences of Monday's decision on Magnox nuclear reactors.

The reactors are to be withdrawn from the privatisation programme because of the last-minute discovery that decommissioning costs had been under-estimated.

Lord Williams of Elvel, Labour's energy spokesman in the Lords, warned that the contract system and the licensing and grid operation arrangements would have to he revised because keeping the Magnox stations in public ownership would mean electricity being supplied to the grid at marginal cost.

Problems of safety were also complicated because at sites such as Hinkley there would be three separate managements – National Power, the Magnox company and tha grid company.

He also said City opinion was that withdrawing the Magnox stations from the sell-off would not affect the value of the industry when it is sold off. Its expected value remained about £13bn.

However, Lord Sanderson of Bowden, for the Government, said the bill had to have royal assent hy this Thursday if the privatisation were to be completed before the next general election.

The withdrawal of the Magnox etatione required no changes to the legislation, he said. It would also increase the valne of National Power "significantly."

Lord Halsbury (Ind) supported postponing the bill, saying the Government had made a "pig's hreakfast" of the legislation.

Lord Stoddart of Swindon (Lab) said a delay was necessary to enahle further examination of CEGB accounts to see if the de-commissioning costs of advancad gae-cooled reactore, which will he passed on to National Power, had heen similarly underestimated.

The Labour amendment to delay the bill was defeated by 38 votes (148-110).

# 'Stunned' Howe bargains for time

By Philip Stephens, Political Editor

WHEN Sir Geoffrey Howe entered No 10 Downing Street at just after 9am on Monday he was confident that Mrs Margaret Thatcher was to begin her cabinet reshuffle by confirming him in his role as Foreign Secretary.

Six hours later, and only after consulting with senior colleagues and bargaining at a second meeting with the Prime Minister, he accepted the post of Leader of the Commons and deputy Prime Minister. Though that second meeting was said to have been amicable, Sir Geoffrey was said to have been "stunned" by the decision.

The tensions were still apparent yesterday.

While Sir Geoffrey was underlining on BBC radio the pivotal role he expected to play in the Government – assuming the mantle once worn by Lord Whitelaw – Downing Street was being distinctly less upbeat.

There was no specific place in the constitution for a deputy Prime Minister, which, it was pointed out, was essentially a "courtesy title." It was by no means certain that Sir Geoffrey would automatically take over if Mrs Thatcher was indisposed.

Though he had not discussed the matter directly with Mrs Thatcher during the previous few weeks, Sir Geoffrey had been assured through the "usual channels" that along with Mr Nigel Lawson, the Chancellor, he was "safe" in the reshuffle. So when Mrs Thatcher said that she wanted him to move – either to the job of Home Secretary or to that of Leader of the House of Commons he demanded time to consider his position.

The Prime Minister is said by Whitehall insiders to have indicated to Sir Geoffrey that their frequent disagreements over the Government's approach to Europe made such a shift essential.

Those differences had come to a head at the Madrid summit last month, when Mrs

Tony Andrews

Clean sweep: Lisann Rosser, 20, at work outside No 10

Thatcher was forced to accept a Foreign Office plan to soften Britain's opposition to greater economic integration.

Tha implication was that, with the European Community about to embark on crucial negotiations on economic and monetary union, she wanted the Foreign Office run hy someone less likely to challenge her views.

That analysis appeared to be confirmed by the little-noticed announcement that the distinctly Thatcherite Mr Francis Mande was to be transferred to the Foreign Office to act as the junior minister responsible for European policy.

Sir Geoffrey is said to have considered only briefly the possibility of resignation following Mrs Thatcher's decision. He is said by friends to be temperamentally an "insider", and was reluctant to join Mr Michael Heseltine on the Commons backbenches.

He was also unenthusiastic to move to the Home Office – at best a sideways move following his spells as Chancellor and Foreign Secretary, and told the Prime Minister's office by telephone later that morning. Mr Douglas Hurd, the incumbent Home Secretary was told at lunchtime that he would be remaining.

So when he returned to Downing Street on Monday afternoon - entering as in the morning through a connecting door into the Cabinet Office to avoid waiting television cameras – he accepted the job of Leader of the House, on certain conditions. Those included that he be given the title of deputy Prime Minister – discussed in the earlier telephone calls – and that he be given the chairmanship of the four cabinet committees once held by Lord Whitelaw. He also insisted that he would preside over any Star Chamber adjudications on disputes over public spending and should have a role in the formulation of the manifesto.

Whether Sir Geoffrey will manage, however, to assume the central role that Lord Whitelaw held in shaping the Prime Ministers' decisions – in making it clear to her what was politically possible and what was not – is yet uncertain.

Many Conservative MPs were voicing hopes yesterday that he would be able to temper Mrs Thatcher's nstural radicalism and impatience. Sir Geoffrey also has a strong power base among backbenchers and among the many ministers in the Government whose careers have benefited from his sponsorship.

His friends at Westminster were confident yesterday that this would ensure that his voice would continue to be heard – and listened to – in Downing Street. This week, however, was hardly an auspicious beginning.

# Tories give general welcome to new look

By Philip Rawstorne

CONSERVATIVE MPs yesterday generally welcomed the Government's new look – but differed over the parts of the ensemble they found most attractive.

Some thought the hunched shoulders of Sir Geoffrey Howe, deputy Prime Minister and Leader of the Commons, were the most promising feature of the front bench.

"Wa need somebody to fulfil the Whitelaw role," said Sir Peter Blaker. "I hope that he is going to have lots of infinence . . . and makes sure the Government does not get itself again into the very unsatisfactory situation it has been in all this session."

The legislative programme had been "idiotically heavy," Sir Peter added. "Willie Whitelaw would have said 'Stop'. I hope Geoffrey Howe will be able to do the same. It will not do if we have this sort of thing next year, we shall be coming up to the election."

Mr Robert McCrindle (Brentwood & Ongar) also looked to Sir Geoffrey with similar expectation – but others were more sceptical. "He clearly wanted to stay where he was; the office of deputy Prime Minister does not exist. I'm not quite certain what it adds up to," said one Tory backbencher.

There were those who were just glad to see the back of Sir Geoffrey from the Foreign Office. Mr Teddy Taylor (Southend East), veteran anti-marketeer and secretary of the European Reform Group, expressed delight at changes "which should lead to a more objective and realistic approach to European policy.

"We were greatly reassured by the removal of persons (Mrs Lynda Chalker was the other) who are unduly enthusiastic Europhiles," he said.

Mr Julian Critchley (Aldershot), casting a discerning eye over the scene, stated flatly: "The best thing about it is Chris Patten (new Environment Secretary)."

His response was not just because he had clashed with the previous incumbent's apparent support for a new town in Hampshire. "I have always thought that Chris Patten was the great white hope of moderate Conservatism," he said.

Mr Critchley detected a welcome shift to the left in the Government's new cut. John Major's elevation to Foreign Secretary did not mean that he would be the next leader of the party. "He may be flying too close to the sun."

Michael Heseltine's position – as an outside candidate for the leadership – would be more difficult now that Kenneth Baker had become party chairman. "Michael has been de facto chairman for some time – making more speeches, doing more travelling than anyone. But it will not be so easy to npstage Kenneth Baker," Mr Critchley said.

Mr John Heddle, chairman of the Tory environment committee, agreed with Mr Critchley, that "Chris Patten is absolutely right – a very good move."

Sir Peter Blaker had some good words for John Major – "Political judgment, firmness, patience, an ability to negotiate: all the right qualities."

By and large Tory MPs thought the Government's appearance was more caring and compassionate, and that Kenneth Baker was the right choice to present the new image to the country.

Would that be enough to regain popularity? "The test is yet to come," said Mr McCrindle. "It may be that some of our policies will have to be adapted if not changed."

# Brooke comes to Ulster at a good time

By Michael Cassell and Kieran Cooke

MR PETER BROOKE will be readily forgiven if he has mixed feelings about swapping a relatively cosy corner of Smith Square for Northern Ireland, one of the toughest and least rewarding jobs in British politics.

But his sense of duty to the party and his loyalty to the Prime Minister means he will tackle the job with good grace. He comes to it at a good time.

There has just been a change of regime in Dublin, with Mr Gerry Collins, seen by many as a future Irish Prime Minister, appointed as Foreign Affairs Minister . Mr Brooke will thus have the chance to establish new relationships at meetings of the Anglo-Irish conference.

He also takes over at one of the most peaceful periods in Northern Ireland's recent history. The IRA has been damaged by recent arrests of key personnel and its activities have been reduced this year.

Next month, however, marks the 20th anniversary of the arrival of British troops in the province. With the IRA very fond of marking anniversaries, Mr Brooke is likely to have his hands full before too long.

He will want to capitalise on some of the solid achievements of Mr Tom King, the longest-serving Secretary of State in the province. While a settlement to Northern Ireland's problems remains a long way off, Mr King doggedly pursued his attempts to start talks between the various constitutional parties. Hopes of some limited breakthrough are judged to be higher than for some time.

In Belfast, however, the appointment was being seen as an indication that there is little prospect of new political initiatives in the near future. Unionists said that the Anglo-Irish agreement remained a stumbling block to political progress and that Mr Brooke would have to be more flexible than his predecessor if there was to be any real progress.

Mr Brooke, whose responsibilities as paymaster general were always going to play second fiddle to the party chairmanship, has been regarded as a sound, if unexciting member of the Treasury team. Even before his last appointment, he was widely respected and liked within the party as an old-style, Tory gentleman.

His background is entirely appropriate, having been educated at Marlborough and Oxford, where he was president of the Union, and Harvard. The son of Lord Brooke, the former Home Secretary, he tried unsuccessfully to win adoption in several constituencies before winning City of London and Westminster South.

Though his reputation as a "safe pair of hands" may have suffered following the party's recent problems, most noticeably over its handling of the European elections, Mrs Thatcher has decided that his level-headedness is well-suited to the explosive political arena of Northern Ireland.

He has gained only limited ministerial responsibility, spending four years in the Department of Education up until the 1987 election.

# The Cabinet and other appointments

**The Cabinet:**

Prime Minister: Mrs Margaret Thatcher

Lord President of the Council: Sir Geoffrey Howe.

Chancellor of the Exchequer: Mr Nigel Lawson.

Lord Chancellor: Lord Mackay of Clashfern.

Home Secretary: Mr Douglas Hurd.

Foreign Secretary: Mr John Major.

Welsh Secretary: Mr Peter Walker

Employment Secretary: Mr Norman Fowler

Defence Secretary: Mr Tom King.

Trade and Industry Secretary: Mr Nicholas Ridley.

Chancellor of the Duchy of Lancaster: Mr Kenneth Baker.

Health Secretary: Mr Kenneth Clarke.

Secretary for Education and Science: Mr John MacGregor.

Scottish Secretary: Mr Malcolm Rifkind.

Transport Secretary: Mr Cecil Parkinson.

Energy Secretary: Mr John Wakeham.

Lord Privy Seal: Lord Belstead.

Social Security Secretary: Mr Anthony Newton.

Environment Secretary: Mr Christopher Patten.

Northern Ireland Secretary: Mr Peter Brooke.

Minister for Agriculture: Mr John Selwyn Gummer.

Chief Secretary to the Treasury: Mr Norman Lamont.

**Other Appointments:**

Treasury: Paymaster General: Earl of Caithness. Financial Secretary: Mr Peter Lilley. Economic Secretary: Mr Richard Ryder.

Defence: Minister of State: Mr Alan Clark. Under-Secretary of State: Earl of Arran.

Foreign and Commonwealth Office: Ministers of State: Mr Francis Maude and Lord Brabazon of Tara. Under-Secretary of State: Mr Tim Sainsbury. Minister for Overseas Development: Mrs Lynda Chalker.

Environment: Ministers of State: Mr David Hunt and Mr David Trippier.

Health: Minister of State: Lord Trafford.

Northern Ireland Office: Minister of State: Mr John Cope. Under-Secretaries of State: Mr Peter Bottomley and Lord Skelmersdale.

Home Office: Under-Secretary of State: Mr Peter Lloyd.

Trade and Industry: Ministers of State: Mr Douglas Hogg and Lord Trefgarne. Under-Secretary of State: Mr John Redwood.

Employment: Minister of State: Mr Timothy Eggar. Under-Secretary of State: Lord Strathclyde.

Agriculture: Parliamentary Secretaries: Mr David Maclean and Mr David Curry.

Education and Science: Under-Secretary: Mr Alan Howarth.

Social Security: Under-Secretaries of State: Lord Henley and Mrs Gillian Shephard.

Transport: Under-Secretaries of State: Mr Robert Atkins and Mr Patrick McLoughlin.

Government whips: Deputy Chief Whip: Mr Tristan Garel-Jones. Comptroller: Mr Alastair Goodlad.

The following ministers have resigned from the government: Mr John Butcher, Education and Science; Mr John Lee, Department of Employment; Mr Donald Thompson, Ministry of Agriculture; Mr Peter Viggers, Northern Ireland Office; Lord Lyall, Northern Ireland Office; Baroness Hooper, Department of Energy; Mr Ian Stewart, Northern Ireland; Lord Glenarthur, Foreign and Commonwealth Office.

The following ministers join the Government for the first time: Mr John Redwood, Trade and Industry; Mr David Curry, Agriculture; Mr Patrick McLoughlin, Transport; Mrs Gillian Shephard, Social Security.

# Lamont job probably hardest in Whitehall

By Philip Stephens, Political Editor

AS Mr Norman Lamont moved into the office of Chief Secretary of the Treasury yesterday he was clearly aware that his promotion to the Cabinet brings with it probably the hardest job to Whitehall over the next few months.

In his new role he will have to preside over one of the most difficult rounds of pnhlic spending negotiations sinca the early 1980s.

That will mean 16-hour days from now until November – interrupted by only a brief holiday next month – and the prospect of harsh negotiations during the autumn with the ministers in charge of Whitehall's main spending departments.

The challenge of the job, he said yesterday, was that "it was at the heart of politics . . . ahont making choices." But he was under no illusion that such choices would be easy.

There was always pressure for higher public spending but it was also fundamental to the Government's strategy to contain overall expenditure. This year that would be even more difficult. "It is going to be a very tough round," Mr Lamont said, echoing the words of his predecessor Mr John Major.

Tha twin pressures of the need to curb inflation – and maintain the confidence of the financial markets – and demands from the electorate for additional resources for key public services such as health and transport have rarely been so acute.

No official figures are available, but the Treasury is not discouraging suggestions that the bids it has received from individual spending ministers are more than £10bn above the just over £170bn target it has pencilled in for the financial year starting next April.

Mr Lamont's experience at the Treasury should help. For the last three years he has been Financial Secretary under Mr Nigel Lawson, responsible for tax policy and for the Government's privatisation programme. Mr Lawson was thought to be keen that he should be promoted.

Like the other new entrants to the Cabinet, the 47-year-old minister is not by instinct or political background, a natural "true believer" in Thatcherite radicalism. Those watching him steer this year's Finance Bill through the Commons found it hard to believe that he was enthusiastic, for example, about her insistence that the elderly should receive tax relief on private health insurance.

Conversely, he was said to be keener than Mr Lawson, about the measures in the last budget to help the low-paid through rednctions in National Insurance Contributions.

He does, however, share enthusiatically the Government's underlying economic philosophy, with its emphasis on tight control of inflation, on deregulation and competition, and on tax cuts.

Though he is unapologetic about his early associations with Mr Edward Heath's government, he is also a firm advocate of the privatisation programme and of the push for wider share ownership.

The job of scaling down the spending bids of key departments such as health, transport, social security and the environment will also prove a severe test for any "wet" instincts he may retain.

# Walker survives again despite the dissent

By Philip Rawstorne

ONE OF the most remarkable features of the government reshuffle is that Mr Peter Walker has survived – again.

One by one, Mrs Thatcher has disposed of the members of the old Heathian hierarchy – James Prior, Francis Pym, Sir Ian Gilmour, Lord Carrington – as she has imposed her leadership on the party.

But 10 years and 11 reshuffles since she formed her first government, Peter Walker is still there, a lone dissident among the deferential.

He was grudgingly taken into the Cabinet in the first place, as Minister of Agriculture, a far more junior role than he had enjoyed at environment and trade and industry under Heath. Four years later, he was made Secretary for Energy, and then in 1987 became Secretary for Wales.

He represents, like the Tory Reform Group he has long led, an important and once-dominant element of the party – the moderate "One Nation" Toryism.

It is very much in that tradition that be has for the last two years ruled Wales like some independent political baron – and done so successfully.

# Inexperienced Major faces a high-profile test of his mettle

By Michael Cassell and Robert Mauthner

INQUIRIES yesterday whether Mr John Major, the new Foreign Secretary, had ever been abroad may have been overstating the case, but his experience in world affairs is as narrow as Sir Geoffrey Howe's is broad.

Overnight, however, be has assumed one of the highest profile jobs in the government. The post may not carry the cachet that accompanied it during the days of Empire hut, as recent events have shown, it can quickly and unexpectedly test the mettle of the owner of the most experienced pair of hands.

If Mr Major's startling appointment left him astounded, then so was the Foreign and Commonwealth Office. The FCO does not often admit to being taken by surprise but there was no attempt in King Charles Street yesterday to hide the fact that Sir Geoffrey's departure and Mr Major's arrival was anything other than a bolt from the blue.

From Mrs Thatcher's point of view, the appointment not only helps to create a fresh image for a tiring, embattled government but it pnts into place a man whose inexperience will leave him, at least initially, more reliant upon her than a predecessor whose views were the source of growing irritation.

There is nothing in Mr Major's history to suggest that he is a natural Thatcherite and his words and actions mark him out more as a pragmatist than a man driven hy ideological obsession. But with a critical time ahead in Europe, as moves for economic and monetary reform accelerate, he is certainly less likely to challenge the prime minister's own, decisive views.

The presence alongside him of Mr Francis Mande as junior minister with responsibility for European affairs, should help maintain the leader's line.

The Prime Minister's well-publicised aversion to any developments in the Community which involve an abdication of national sovereignty, particularly in the monetary field, could lead to early clashes between Mr Major and his European colleagues.

Sir Geoffrey had a special talent for toning down Mrs Thatcher's most controversial statements and policies on Europe. His European Community partners are eagerly waiting to see whether Mr Major, with his own, finely-tuned political antennae, can match his predecessor's diplomatic skills.

Tony Andrews

Foreign territory: John Major enters his new ministry

At Westminster, one senior Tory backbencher warned yesterday that Mr Major would risk destroying himself politically if he became little more than a prime ministerial lackey. The advice was that he must, as soon as is prudent, begin to carve ont his own, distinctive political stature.

Little is known about Mr Major's views on foreign policy issues and senior officials at the FCO were confined to telling their staff that he was "a swift and voracious reader."

What is certain is that Mr Major will have a vast amount of information to absorb in Angust, though the only important international meetings he is expected to attend before September will be the international conference on Cambodia in Paris starting next Sunday.

At the top of the pile of briefs will be Hong Kong and Argentina. Mr Major will be intimately involved in drawing up the Government's modified plan for offering a limited number of Hong Kong British passport-holders the right of abode in the UK.

Sir Geoffrey received an unusually hostile reception during his recent visit to the colony because of his inflexibility on the subject and Mr Major faces a difficult fence-mending task.

Another issue which will test the talents of the new Foreign Secretary to the maximum is the proposed opening of talks on the re-establishment of diplomatic and commercial relations with Argentina.

These could start before the end of the year, although the whole enterprise is full of potential pitfalls, particularly given the intense interest that Mrs Thatcher has always taken in the prohlem.

David Buchan in Brussels adds: Britain's Commnnity partners expressed some trepidation at the appointment of John Major, a man whom none of them know.

The UK cabinet reshuffle has received some attention from EC diplomats here for its implications for the raft of Commnnity negotiations which involve virtually every Whitehall ministry.

The main reaction was regret at the departure of Sir Geoffrey, who is much valued by his European counterparts for his unfailing good humour, just when he had come to be seen as a counter to Mrs Margaret Thatcher's innate resistance to EC proposals such as the recent Delors plan for economic and monetary union.

# Banker given a chance to shine

By Michael Cassell, Political Correspondent

MR JOHN REDWOOD, who leaves the backbenches to become a junior minister at the Department of Trade and Industry, has never been far from the leading edge of Thatcherism, even if his contribution has been largely confined to the back-room of the Tory party's policy-making machinery.

An MP for only two years, Mr Redwood's belief in popular capitalism and in returning power to the people at the expense of overwheening government has been inseparable from that of his party leader. He should fit well into Mr Nicholas Ridley's team.

Although his performance at Westminster has not lived up to expectations borne of a reputation for being one of the party's best intellects, his new post will give him a chance to shine.

A Fellow of All Souls at the age of 21 who had also found time to be a temporary postman, a shop assistant and a teacher, he took a job with Robert Fleming and moved on to N.M. Rothschild in the City as part of a career strategy which was always intended to end in main-line politics.

A former Oxfordshire county councillor, he unsuccessfully nursed the Peckham constituency before his formidable academic qualifications won him

John Redwood: should fit in well with Ridley's team

an invitation in 1983 to join Mrs Thatcher's policy unit, of which he quickly became the head. Long before he won his Wokingham seat in 1987 Mr Redwood, who is 38, was exercising more influence in Downing Street than most MPs ever achieve.

He still has one foot in the City. Having temporarily rejoined Rothschild as a director in charge of overseas privatisations he is now non-executive chairman of Norcross, the building materials and printing group. But it is politics which fascinate him most and he remains an untiring evangelist for privatisation and the Thatcher revolution.

A member of the right-wing "No Turning Back Group" and an adviser to Aims of Industry, the right-wing pressure group, he does not belong to the "time for a rest" brigade. He has excelled in putting forward proposals on issues ranging from taxation and the NHS to education, which have later re-emerged as part of Tory party policy.

Last year, he was calling for a 40 per cent top rate of income tax and the Chancellor duly obliged.

He holds no brief for faint-hearts and believes that "only more Thatcherism, or good old-fashioned, wealth-spreading, enterprise-loving Conservatism" can set the seal on what he sees as an economic revival which has impressed the world.

In spite of his apparent passions, there are those at Westminster who prefer to see him as, essentially, a rather cold-hearted investment banker. The view is easier to understand on reading Redwood forecasts such as: "The 1990s will be the decade of the international equity."

Among Mr Redwood's previous publications is one entitled "Going for Broke." It could prove an apt name for his own autobiography.

# Familiar field for David Curry

By Michael Cassell, Political Correspondent

MR DAVID CURRY, who emerges after just two years on the back-benches to savour his first taste of ministerial responsibility, is better known in Strasbourg than at Westminster.

That should all change, with his appointment as a parliamentary secretary at the Ministry of Agriculture. He is expected to take on the responsibilities for fisheries and animal welfare, previously held by Mr Donald Thompson, another Yorkshire MP, who was dismissed in the reshuffle.

Mr Curry is said to have found the Commons rather frustrating so far, given his 10-year stretch in the European parliament as MEP for North East Essex and his not inconsiderable influence to matters agricultural.

Bright and well-informed, he arrives with a detailed grasp of his subject which most departmental newcomers would envy. A former Farming News and Financial Times journalist with an Oxford and Harvard edncation behind him, Mr Curry went for a European seat in 1979, having failed in his bid to get to Westminster via Morpeth.

He won selection for North East Essex against Mr Paul Channon, who was then Mrs Thatcher's nominee for the European leadership. Mr Channon's defeat left the Tory party to search for a new Euro-leader in the shape of Sir Henry Plumb. Given yesterday's news, Mr Curry's ability to spoil the plot has clearly not been held against him.

An EEC farm surplus reformer who now believes the budget is coming under control, be knows a great deal more about the subject than most of his Westminster colleagues. He has been budgetary spokesman for the European Democrats' group in Strasbourg, vice chairman of the parliament's budget committee and, between 1982 and 1984, chairman of its agricultural committee.

Mr Curry, who is 45, won Skipton and Ripon in 1987 and became one of the handful of MPs with two constituencies to nurse. After two years of dashing between his two British seats – 200 miles apart – he retired from the European parliament at this summer's election.

Mr Curry's Commons performances, invariably on agricultural and European issues, have been impressively knowledgeable and his appearance at the despatch box should help redress any lack of personal presence.

# TSB unveils plan to improve retail banking services

By David Barchard

PLANS to streamline TSB Bank's retail operations and make them more competitive were unveiled yesterday by Mr Peter Ellwood, chief executive of TSB retail banking.

Mr Ellwood, who joined TSB from Barclaycard in March, said he aimed to create a leaner and fitter structure in the bank. He would not rule out the possibility that the changes would lead to some job losses, and declined to comment on reports that there could eventually be as many as 1,800 redundancies.

"It would be entirely speculative and very premature to suggest at this stage how many jobs are likely to be affected. Until the end of October when our detailed implementation plan is ready nobody can know the numbers affected," he said.

Mr Ellwood confirmed that the changes were likely to cost around £100m over the next two or three years, but said they should help restore the overall profitability of TSB Bank's retail operations.

TSB Group profits, which come largely from retail banking, fell to £164m in the first half of this year, 22 per cent down on the same period in 1988.

Restructuring of TSB Bank - transforming what was originally a federation of local savings banks into a cohesive national clearing bank - was speeded up earlier this year after Sir Nicholas Goodison became group chairman.

TSB retail banking branch network operations are now to be regrouped into three profit centres covering the south of England; Midlands, the north-west, and TSB Northern Ireland; and TSB Scotland and north-east England.

Though the special regional status of TSB Scotland and Northern Ireland, including their regional boards and head offices, will be maintained, TSB England and Wales has effectively been dismantled.

Mr Leslie Priestley, TSB England & Wales' chief executive, announced three weeks ago that he would leave the group in September. Another executive director, Mr Alastair Boyd, is also to leave.

Mr Ellwood has also appointed five special task forces to produce detailed plans by the end of October for the overhauling of TSB's retail operations. One team, under Mr Harry Read, will report on redesigning the group's 1,600 branches to cut down on paper work and focus on sales.

Another team, headed by Mr Brian Cooper, will review all head office operations and identify possible cost-cutting moves. Others will review performance, financial products, and small business and commercial market operations.

# Junior markets face decision on future

By Vanessa Houlder

THE FUTURE of the Stock Exchange's junior markets, which may be threatened by new EC regulations, is likely to be decided by October.

The debate about the junior markets has been triggered by attempts by the EC to unify listing requirements across Europe. At present, it is thought that the most likely outcome of these moves is a merger between the Third Market and the Unlisted Securities Market, although several other options are being discussed.

The Stock Exchange has been mulling over the significance of the new regulations for several months. At present, the primary markets division is having informal discussions with member firms. The issue will be discussed by the quotations committee and by the Stock Exchange Council before a firm decision is made.

The decision will come into force next year, when the new directives are enacted.

The debate concerns the cumulative effect of three regulations. The first directive, already in force, is the 1985 listing particulars directive, which stipulated that a company should have a minimum three-year trading history in order to obtain a listing, while allowing individual markets to set more onerous requirements.

In addition, there is now a directive attempting to co-ordinate the requirements for prospectuses. The most significant new directive, however, appears to be the Mutual Recognition of Listing Directive, which will allow a company listed on one European stock exchange to be admitted to any other.

As a result, London Stock Exchange may have to reduce its trading record requirement from five years to three years to bring it in line with most other European countries. This will have the effect of removing an important distinction between it and the USM, which already requires a three-year trading record.

The Stock Exchange believes it has several options. It could keep the three markets as they stand and merely amend the listing requirements; it could create one market with different procedures for different types of companies; or it could merge the USM and the Third Market, with the likelihood that some companies would be promoted to the main market.

The review of the Third Market's future has coincided with some dissatisfaction about its performance since its creation in January 1987. It has not attracted the number of companies originally expected and some members have voiced criticism about its status and name, which they view as having "third rate" connotations.

# Population shows sharp change in age profile

By Alan Pike, Social Affairs Correspondent

DRAMATIC changes taking place in the age composition of Britain's population are shown in Government population estimates published yesterday.

The number of people aged 75 to 84 increased by 14 per cent between 1981 and last year, while those aged 85 and above rose by 33 per cent. This is part of a trend which, it is projected, will lead to the number of over-85-year-olds in Britain almost doubling between now and 2025.

At the same time, the number of young people aged up to 15 has fallen by 824,000, or 7.5 per cent, since 1981, with the number aged 10 to 15 years down by 23 per cent. Children aged up to four years, however, increased by 9 per cent over the same period.

The opposing trends of an increase in the very elderly population and a decline in the number of young people entering the labour force will dominate the British population structure for the remainder of the century. These trends have widespread implications for employers' recruitment and training policies, and for planning across the entire range of education, housing and social services.

Yesterday's figures, from the Office of Population, Censuses and Surveys, show that the population of Greater London declined by 35,000 between 1987 and 1988 to 6,735,000 – the most substantial change since 1982.

The London Chamber of Commerce said yesterday that it attributed most of the drop to the sharp increases in London house prices during the 1980s. It says its research suggests that recent lower house prices will generate an upturn in London's population during the remainder of this year.

Most of the growth in population during the 1980s has been in the south of England. Cambridgeshire, the Isle of Wight, Buckinghamshire and Dorset were the fastest growing counties, with all four experiencing population increases of around 10 per cent.

Some of these top growth areas, such as Dorset and the Isle of Wight, attract a large retirement population and will be particularly affected by the rise in the number of very old people in the population.

Much of the decline in population has taken place in areas which have been affected by industrial change. The greatest population losses since 1981 have been in Merseyside, down 5 per cent, and Cleveland, with a decline of 3 per cent.

## Ethnic register plan for schools

ALL STATE schools will have to collect information on the ethnic origins of new pupils from September 1990, the Government announced yesterday.

Parents will be asked to provide information, on a voluntary basis, on their children's ethnic origin, religion and the language spoken in their home.

Full texts of the NatWest chairman's letters to the Governor of the Bank of England

# Boardman says report 'inaccurate'

THE FOLLOWING are the texts of two letters sent yesterday by Lord Boardman, chairman of National Westminster Bank, to Mr Robin Leigh-Pemberton, Governor of the Bank of England, on resignations from the board of NatWest following last week's report by Department of Trade and Industry inspectors into the Blue Arrow affair:

National Westminster Bank
41, Lothbury
London EC2P 2BP

Dear Governor,

I have tendered my resignation as Chairman and Director of this bank. I have done this for two reasons:

1) As you will know from a separate letter from me, the Board has, with great regret, accepted the resignations of Messrs. C. Green, T. Green and J. Plastow. I have indicated in that letter my views regarding the criticisms of them in the DTI Report. Although my colleagues and I agreed that those resignations were inevitable in the circumstances, I personally felt that I could not accept the resignations of three loyal directors of great integrity and ability and remain in my position.

2) Although there were no criticisms of me in the DTI Report, nevertheless, there were serious failings within a part of the Group for which I must accept ultimate responsibility.

My Board has asked me to delay the date on which my resignation takes effect until the end of September when my successor, Lord Alexander, ceases to be Chairman of the Takeover Panel and so that we can arrange for a smooth transition of responsibilities.

I am prepared to do this, albeit with some reluctance, as I recognise the importance of providing continuity.

Lord Alexander of Weedon will, therefore, succeed me as Chairman of National Westminster Bank on 1st October 1989.

Yours sincerely,
Tom Boardman

Lord Boardman: remains chairman until September

Dear Governor,

It is with great regret that the Board has accepted the resignations of Charles Green, Terry Green and John Plastow.

In view of the criticisms of them in the Inspectors' Report on the Blue Arrow affair and the subsequent adverse publicity which has been so damaging to them and the National Westminster Bank Group, they have agreed that their resignations are in the best interests of the Group.

Charles Green, Terry Green and John Plastow are bankers of total integrity. They have each served the bank and the community for over 40 years. The Report of the Inspectors in no way impugns their honesty. Nor does it suggest that they were actively responsible for the development of events at County NatWest which is chronicled in the Report.

The suggestion of the Inspectors is that they should not have accepted the assurances that they were given by the two executives of County NatWest who had responsibility for the transaction. I believe it is inconsistent that they should be so criticised when the Inspectors attach no criticism to others who received similar assurances.

My view is that the Inspectors' account of the meetings on the 29th September 1987 is inaccurate in some respects and unfair in its conclusion. No opportunity was given to these Directors, as required by the DTI Guidelines, to challenge some of the evidence upon which the Inspectors have based their findings, nor to counter certain of the criticisms.

Tha Board of NatWest is very sad to be losing them. Their resignations in the interest of the Bank are typical of their lifelong consistent and overriding concern for the food of the Bank itself.

Finally, I am glad to record that there has been no requirement on your part for these resignations.

Yours sincerely,
Tom Boardman

Leigh-Pemberton: did not require resignations

# Process industry plant rates equalised

By Ian Hamilton Fazey

PROCESS industries such as chemicals, steel, power generation and oil refining will have to pay more in rates in England and Wales, but less in Scotland, following a government decision yesterday on harmonising the way their rates – or local taxes – are calculated.

The cost to all the industries involved is likely to run into several hundred million pounds, although a "disappointed" Chemical Industries Association was unable to provide a more definite figure last night.

The Government's decision – announced by Mr Chris Patten, the new Environment Secretary – was to set a national decapitalisation rate of 6 per cent for industry.

"Decapitalisation" is a means of calculating rateable valnes for process plants.

Usually there is an assessment of what rent might be obtained if a factory or office block were put on the market. But chemical plants and steelworks are owner-occupied and cannot be used by any other type of industry, so there is no market for them.

Rateable valnes are thus related to the cost of reconstruction of the plant. The decapitalisation rate is the proportion of construction costs deemed to be tha rateable value. A £100m catalytic cracker would have a rateable value of £6m at the new decapitalisation rate.

To obtain the actual rates to be paid, this figure is then multiplied by the national uniform business rate (NUBR) to be aoplied from next year. An NUBR of 30p in the pound would result in a rates bill of £1.8m.

Disappointment in industry arises becanse the present decapitalisation in England and Wales is 5 per cent. However, Scottish levels vary between 7 and 9 per cent and the new rate was welcomed there last night.

The Government has spared schools, colleges and universities, educational properties which are rated by the same method. Their decapitalisation rate will be 4 per cent, as will that of non-profit making bodies also rated by this method, together with hospitals and other health establishments.

# More quoted companies sold through buy-outs

By Charles Batchelor

MORE AND more pnhlicly listed companies are changing hands thrõugh management huy-onts and buy-ins – in spite of the reluctance of many institutional investors to support such takeovers.

A survey by accountants Peat Marwick McLintock showed that 22 public company hny-outs and huy-ins have been completed successfully in Britain since 1983, when managers staged a £310m buy-in at F.W. Woolworth, the variety store group.

Public company buy-outs got off to a slow start with three unsuccessful attempts in the mid-1980s, when management teams failed to win control of Simon Engineering, McCorquodale, a printing gronp, and Molins, a manufacturer of cigarette-making machinery.

Since 1986, however, every attempt to stage a hny-out or a buy-in of a public company has succeeded, culminating in successful management bids this year for Magnet, a kitchen and DIY company, and Gateway, the supermarkets group.

The total value of buy-outs and huy-ins is now £4.9bn, and seven of them – worth £3.1bn – have taken place this year.

Buy-outs and huy-ins of listed companies have accounted for 11 per cent of all buy-outs hy number and 35 per cent by value in the past six years.

Listed buy-outs are more difficult to arrange than deals involving unlisted companies, becanse the institutions are dnhious that management teams know more about a company than the shareholders do.

The institutions argue that managers should be able to be just as successful working for shareholders as for themselves under a huy-out.

# Tories expect 1m students not to repay their loans

By David Thomas, Education Correspondent

MORE than 1m graduates are expected to be deferring or defaulting each year on their obligation to repay their student loans when the proposed student loan scheme has been fully phased in.

Deferrals of payment and defaults will reduce the money flowing hack into the Exchequer under the scheme by more than £120m a year.

Moreover, the loan scheme would not make a cumulative saving to the Exchequer until 2026, on the most extreme assumption of 100 per cent take-np of the scheme and assuming annual administrative costs of £20m.

These are some of the key points which emerged from a batch of Parliamentary written answers given yesterday by Mr Robert Jackson, Minister for Higher Education, to Mr Andrew Smith, his Labour opponent.

Mr Smith said the answers justified the scrapping of the scheme.

The answers disclose for the first time the detailed assumptions used by the Government and the banks to cost the scheme, which is due to be phased in from October 1990.

By the year 2027, it is expected that 2.76m students will be covered by the scheme, including 427,000 students still receiving loans and 2.23m graduates who will be due to be making repayments.

Just over 930,000 graduates are expected to defer their repayments, on the ground that their income is below the cut-off point specified in the scheme, while 130,000 will default without reason.

Defaults will reduce the money flowing hack to the Exchequer hy £45.8m and deferrals by a further £82.6m, leaving £412m being repaid.

# The water authorities are keeping their cool

By Richard Evans

"THERE WOULD have been standpipes in virtually every town and village in the country if we had had this sort of weather 15 years ago," said a water industry spokesman defensively.

For although there are hosepipe bans operating now in five out of the 10 water authorities in England and Wales, the vast bulk of supplies are being delivered normally after one of the driest winters and hottest spring-summer periods on record.

The prediction from the Water Authorities Association is that, provided consumers treat supplies sensibly, stocks throughout England and Wales should be adequate to meet demands – except in very limited areas where early defensive measures are being taken now.

There is a need for sensible economising of water supplies. But the fact that many emergency drought orders are being sought by water authorities does not indicate a crisis. These orders will enable authorities to take more than the usual amount of water from rivers and boreholes to supplement supplies, and they may restrict the domestic use of water to essential needs.

The industry learned its lessons the hard way in 1976 when there was a national drought lasting several weeks. Another lesson, albeit to a lesser extent, cama in 1984, when a drought affected the western side of the country.

It was a time when the industry, welded into 10 river-basin authorities in 1974 from hundreds of small local authority-run organisations, was being starved of investment capital by the Treasury. The droughts forced departmental action.

Additional reservoirs have been built in areas where the shortage was most acute, like South West Water. Methods of storing water have been improved with the construction of big, covered storage areas. Perhaps most important of all though, there is more scope to move water around from areas of good supply to areas of need.

Yorkshire Water has a particularly highly developed water-transfer system between rivers which guarantees good back-up supplies.

Thames Water, one of the authorities affected in limited areas by the present drought, is in the process of constructing a huge ring-main around London which will be able to pump water anywhere it might be needed by the early 1990s.

The difficulty in Thames, as in other regions, is not so much a supply problem as one of distribution. Demand for water at the end of last week was 50 per cent up on the same period last year because of the heatwave.

Thames normally keeps 80 to 100 days supply in storage and the current level of 80 days is, therefore, not abnormal.

The authority has a hosepipe ban operating in south Oxfordshire and a precautionary ban in south-east London, where supplies have been restored. Water was cut off to thousands of homes when the main treatment plant at Hampton in west London was put out of commission by an infestation by midge fly larvae.

The worst affected areas so far are southern, south-west and north-west England, where drought orders are in force. So far a dozen drought orders have been processed, 11 more are being assessed and a further 12 applications to the Environment Department are expected.

From August 1, Southern Water, probably the worst affected, has been granted a special drought order giving it powers to stop watering of parks, gardens and golf courses, car washing and filling of swimming pools.

The affected areas are the Sussex coastal strip from Littlehampton to Peacehaven, including Worthing, Hove, Brighton and Lewes, the Medway towns and the Thanet area in Kent. Similar orders are being sought by the South West and Welsh authorities.

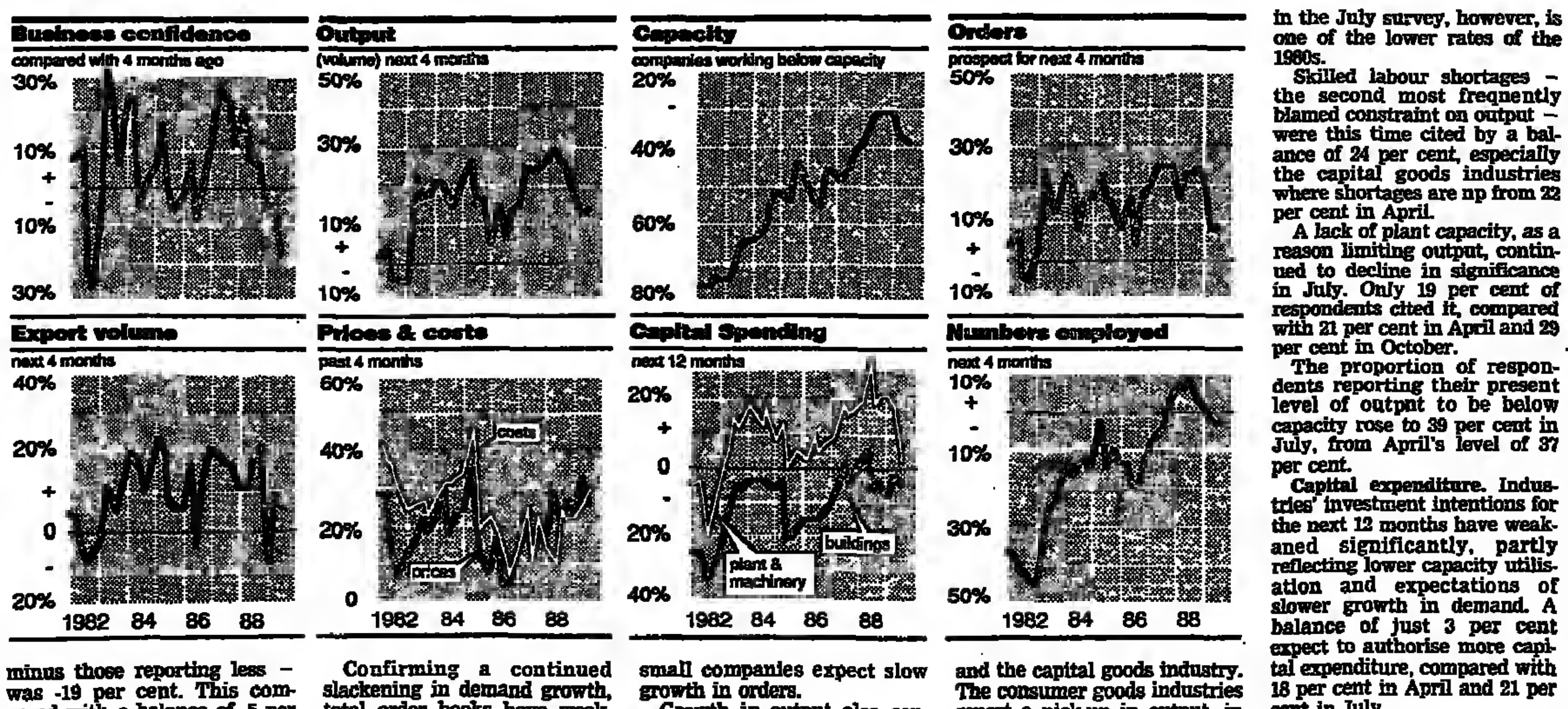
About 7m people are affected by hosepipe bans in the south west and Wales and by partial bans in the Southern, Severn Trent and Thames areas.

The drought picture is not all grim, however. No significant shortage is reported by Anglian, Wessex, Northumbrian, and Yorkshire water authorities, but consumers are being asked to exercise common sense.

As tha Water Authorities Association points out, one garden sprinkler uses as much water in an hour as an average family of four uses in 24 hours. With consumption like that, no reserves would be adequate for long.

# High cost of finance is limiting investment, CBI finds

By Simon Holberton, Economics Staff



THE FIRMEST evidence yet of Government policy slowing the economy was provided yesterday hy the Confederation of British Industry's industrial trends survey for July.

The quarterly survey shows the corrosive effect of high interest rates on industry's investment plans and confidence about the future.

However, while expectations for orders, outpnt and investment have been lowered, they have fallen while the level of activity is fairly robust. Overall, the survey's most dramatic findings concern general expectations while specific inquiries underline the gradual slowing in demand and output.

It should comfort the Treasury, which has received a largely ambiguous picture of the economy's behaviour over the past six months, although it suggests the consumer goods sector remains hnoyant relative to othar sectors of the industry, notahly capital goods.

The CBI survey was carried out between June 21 and July 12, and covered 1,336 companies which are responsible for abont half of the UK's exports and employment in manufacturing.

**Business optimism.** Business confidence declined in June for the third successive quarterly survey. Companies are markedly less optimistic about the general business situation than they were in April.

Some 12 per cent said they were more optimistic about the general business situation than four months ago, while 31 per cent said they were less optimistic. The resulting percentage balance – the proportion reporting greater optimism minus those reporting less – was -19 per cent. This compared with a balance of -5 per cent in April and was the lowest balanca recorded since October 1982.

**Orders and output.** Growth in demand has moderated for the fifth consecutive survey, in spite of an expectation in April that growth would be broadly stable. A balance of 5 per cent of firms reported an upward trend in orders over the past four months (in April the expectation of higher orders was 9 per cent). A balance of 9 per cent expect new order to pick up slightly the coming four months.

Confirming a continued slackening in demand growth, total order books have weakened since April, a halance of -5 per cent of respondents reporting orders below normal, compared with 1 per cent in April.

The manufacturing sectors most affected by the slowing in demand are small companies – of fewer than 200 employees – and the capital goods industries. Consumer goods, by contrast, report a strong pick-up in orders over the past four months and expect steady growth over the next four. The capital goods industries expect a pick-up in demand, while small companies expect slow growth in orders.

Growth in output also continues to moderate, hut at a slower rate than demand. A balance of 10 per cent of respondents reported an increase in output over the past four months, compared to a balance of 18 per cent in the four months to April – the lowest balance since January 1987.

The rate of growth in output remains considarably below what was seen in 1987 and last year. The slow growth in output is spread across all companias, but ie particularly marked in small companies and the capital goods industry. The consumer goods industries report a pick-up in output, in line with stronger demand.

**Stocks.** There was been evidence of a build up in stocks in the past four months, but industry expects these to be unwound in the coming four months. A balance of -17 per cent of respondents expect a down trend in stocks of finished goods; consumer goods industries expect the most significant destocking.

*Constraints on outpnt.* A shortage of orders or sales is still cited at the most important constraint on output. The 70 per cent recording shortages in the July survey, however, is one of the lower rates of the 1980s.

Skilled labour shortages – the second most freqnently blamed constraint on output – were this time cited by a balance of 24 per cent, especially the capital goods industries where shortages are np from 22 per cent in April.

A lack of plant capacity, as a reason limiting output, continued to decline in significance in July. Only 19 per cent of respondents cited it, compared with 21 per cent in April and 29 per cent in October.

The proportion of respondents reporting their present level of outpnt to be below capacity rose to 39 per cent in July, from April's level of 37 per cent.

**Capital expenditure.** Industries' investment intentions for the next 12 months have weakaned significantly, partly reflecting lower capacity utilisation and expectations of slower growth in demand. A balance of just 3 per cent expect to authorise more capital expenditure, compared with 18 per cent in April and 21 per cent in July.

Larger companies – with more than 5,000 employees – reported the biggest fall in investment intentions, July's balance of 4 per cent comparing with April's of 50 per cent. Small companies and the consumer industry expect a slight decline in investment, while the balance of intentions for investment in buildings is negative for the fifth successive survey.

Reasons for the fall off in investment intentions reflects an inadequate net return on the proposed iovestment, uncertainty ahont fnture demand and the high cost of external finance. Not since October 1980 have so many companies cited the cost of finance as a factor limiting future investment.

**Employment.** The snrvey suggests no growth in manufacturing employment. Over the past four months a balance of 2 per cent of companies increased their workforce; in the next four months a balance of -3 per cent expect employment levels to fall. The consumer goods industries expect to shed most jobs during July-September.

**Costs and prices.** Industries' costs have been rising. In July a balance of 32 per cent of companies reported an upward trend in unit costs, compared with 25 per cent in April and 22 per cent in January. A significant pick-up in costs was seen in the consumer goods and capital goods industries.

Prices, however, appear to be rising at a much slower level. A balance of 17 per cent reised prices in the past four months, compared with 33 per cent in April. A balance of 26 per cent expect to raise their prices. Expectations are lower than they were in April and broadly similar to a year ago.

**Exports.** Optimism over the outlook for export markets has improved slightly since April, with a balance of 2 per cent expecting better export prospects in the coming 12 months compared with -5 per previously. Over the coming four months a balance of 6 per cent expect better exports.

However, a balance of -9 per cent of respondents said exports were below normal, against -7 per cent in April.

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JOBS

# Where personality can be a fatal handicap

**By Michael Dixon**

"I'VE just done a personality test," tha Jobs column announced as it entered the cage set apart for smokers in tha *FT's* new building.

For a while the other social pariahs gathered there went on puffing at their weeds, saying nothing. Bnt one of them eventually asked what the test had revealed.

"That I'm indolent, and smug with it," I replied.

Whereupon the only other journalist present remarked: "Amazingly accurate, these personality tests." Then he upped and left before I could get at him.

Which is a pity, because I was about to tell him that the same two attributes seem to be shared by journalists in general. Certainly, all the others so far put through the Eysenck Personality Profiler by the Psycorp consultancy in London are also more than averagely inactive, and well larded with self-esteem.

But my object in taking the test was more serious than digging up dirt on mere journalists. For there is avidence that personality can make a life-or-death difference to many people – 20 per cent of us, in the view of psychologist Hans Eysenck, Emeritus Professor of London University, and his collaague Ronald Grossarth-Maticek.

In a research paper* recently published in tha United States, they discuss sevaral studies of links between personality factors and cancer and coronary heart disease. They report that the factors connected with each of the two killers are mostly different.

Cancer-prone people tend to ha over co-operative, appeasing, unassertive, over patient, conflict-avoiding and compliant with external authorities, and to suppress emotions such as anxiety and anger. Those prone to coronary heart problems tend to show an exaggerated response to anger, conpled with strong feelings of hostility and aggression.

What is thought to account for the links is, not the personality factors in themselves, but their effect in making people vulnerable to stress. And one factor which the cancer-prone tend to share with those prone to coronary heart prohlems is difficulty in coping with strains imposed on them by other peopla – or in other words, inter-personal stress.

Examples of the links that have been found are given in the table above, which shows results from studies made by researchers in Heidelberg.

**PERSONAL MAKE-UP, STRESS AND SURVIVAL**

| Type of personality | No. of people | Still alive % | Causes of death over 10 yrs: Cancer % | Heart % | Other % |
|---|---|---|---|---|---|
| *A – Normal men and women:* | | | | | |
| C-prone | 109 | 71.6 | 17.4 | 1.8 | 9.2 |
| H-prone | 170 | 64.1 | 5.9 | 13.5 | 16.5 |
| Other 1 | 188 | 98.4 | – | 0.5 | 1.1 |
| Other 2 | 391 | 99.0 | – | 0.3 | 0.8 |
| *B – People under marked inter-personal stress:* | | | | | |
| C-prone | 489 | 38.4 | 38.4 | 7.0 | 16.2 |
| H-prone | 309 | 47.9 | 2.3 | 27.8 | 22.0 |
| Other 1 | 165 | 92.7 | 2.4 | – | 4.8 |
| Other 2 | 73 | 97.3 | – | – | 2.7 |

Source: Journal of Social, Political and Economic Studies.

They began with about 850 ordinary folk, who are covered by the top half of the tahle. On the hasis of personality tests, they were divided into four groups. The first two were those thought to be susceptible to cancer (C-prone) or to coronary heart troubles (H-prone). The remaining two sets were people who did not show the factors associated with those two diseases, hut differed in other ways.

The same exarcise was then repeated with a further sample of over 1,000 peopla who had been identified as suffering from marked inter-personal stress, covered by the table's bottom half.

Soma 10 years later the researchers checked how many of each personality type in both samples had died from which kind of cause – cancer, coronary heart disease (abbreviated to "Heart" in the tahle), or something else. The results make arresting reading, don't they?

Other nicotine-addicts, in particular, may be interested in a note which Professor Eysenck and Dr Grossarth-Maticek add to the figures: "It might be thought that perhaps such factors as blood pressure, cholesterol, or amount of smoking might be wholly or in part responsible for these differences, but this is not so. We have analyzed thase relationships in detail... and have found that personality is something like six times as important as these factors taken together."

My own first reaction to the findings was to wonder about the implications for careers. After all, since there are also links between people's personalities and the work they take up, there might be some jobs which seem to call for either tha cancer- or coronary-prone characteristics. So I went along to Hans Eysenck's office and asked him.

He said he doubted there was a relationship as simple as that. For one thing, the stresses as well as the personality traits associated with a job often depend less on the work involved than on the specific organisational conditions in which it's done.

But he thought that, given the strength of the links, it would be wise for employers with staff working under pressure to offer them a test to see if they are in the cancer- and coronary-prone 20 per cent of the populace. "If they are," he added, "we've reason to helieve their chances of staying healthy can be significantly improved by 'coaching' them out of the kinds of behaviour that seem to make them stress-vulnerable.

"For instance, although people who bottle up their anger may never get it out of their system as freely as those who do so habitually, they can become better at it. Think of tennis: even though people have no natural talent for it, with good coaching they can usually become competent players."

It was with those words in mind that, having nohody else to hand to act as guinea pig, the Jobs column went to the Psycorp offices on the Thames Embankment. And as was said before, the Eysenck Personality Profiler showed it as little different from its fellow hacks except in a few ways, such as being less anxious.

Nevertheless the hill of health is not impeccahle. One or two bits of the profile set Psycorp's chief Lenny Kristal ruhhing his jaw. Examples are tendencies to he more suhmissive than assertive and more appeasing than aggressive, which are among the cancer-prone signs.

So Dr Kristal advised that as soon as he has got the appropriate stress test on his computer, I ought to take it. Which I will – and report on the outcome in due course.

*Journal of Social, Political and Economic Studies (US). Spring 1989, Vol 14, no 1; pp 25-47.*

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## Jonathan Wren Executive

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**Jonathan Wren**
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

## CHIEF DEALER

Location: City Salary: c £48,000 + Car + Bonus + Banking Benefits

A major European Bank with an International Banking network seeks an experienced Senior/Chief Dealer to develop non-sterling cash markets and off-balance sheet products within its Treasury Division. Key areas will include US$ FRA's, Financial Futures and Interest Rate Swaps. The successful candidate will be in charge of a team of 3 Dealers.

In view of the importance of this position the successful epplicant is likely to have 7 years dealing experience, including at least 2 years off-balance sheet trading.

Applications, in confidence, should be submitted together with a full CV to

*Box A1292, Financial Times, One Southwark Bridge, London SE1 9HL*

## HIVE CORPORATION

**- International Corporate Finance -**

We specialise in international corporate finance, merger and acquisition, private placement, the organisation of management buy-onts and huy-ins and equity fund-raising. We are also establishing an investment holding company.

We need entrepreneurial professionals with some or all of this skill mix who can do deals, bring and attract clients and who are looking for something different away from the City. Possible equity involvement for the right people.

If you think you have the right flair, have a successful background in this or a related area and would like to work with a growing company please contact by writing first to:-

**Simon Hunt, Chairman**
**HIVE CORPORATION**
**185-187 Bromptoo Road**
***Knightsbridge, London SW3 1NE***
**01-225 3422**

*A FIMBRA MEMBER*

## GRADUATES

with a minimum of two years' banking experience are required by prime Amarican bank within their Internal Audit Department. Thare will be approximately 40% travel, mainly in Europe. Formal audit training will be given. Salary and prospects are excellent.
Please telephone Shelagh Arnell on 01-583-1661 or send cv to her in confidance,

**ASB INTERNATIONAL RECRUITMENT, 50 FLEET STREET, LONDON EC4Y 1BE**

## Property Financial Consultant

required by well established central London commercial property agents/valuers. Terms by arrangement. Strictest confidence observed.

*Apply Senior Partner - Box A1306, Financial Times, One Southwark Bridge, London SE1 9HL*

# CORPORATE TREASURY

## MAJOR UK PLC

### Central London

This multi-billioo turnover plc has very large investments in the money markets and a debt portfolio of £1.5 billion. The Treasury function is high profile, profitable and efficient and is seeking two key executives to contribute to its changing role in support of the continued expansion of the Company on an international scale. The Department currently employs about 20 staff.

### CAPITAL MARKETS ANALYST
### to £40,000

Reporting to the Manager, Funding and Investment, you will use your extensive experience of the major capital markets to advise senior management, iocluding members of the Board, on asset and liability management, capital raising programmes of up to £1 billion and strategies for managing the Company's financial exposures. A highly commercial outlook, e professional, persuasive style and strong intellectual and quantitative abilities are required in this innovative environment.

A graduate, ideally with an additional business qualification, yoo will have relevant experience gained in a financial institution or major ioternational company.

*Reference: 3056/1*

### SENIOR DEALER
### to £33,000

You will work closely with the Chief Dealer and be responsible for a large part of the Company's money market activity in sterling and foreign currencies. Acquisitions are likely to involve substantial foreign currency transactions, requiring careful planning and execution.

Probably a graduate with at least two years' experience in money market dealing, you must demonstrate initiative and high personal motivation allied with excellent communication skills.

*Reference: 3056/2*

The Company operates a policy of active career development. Excellent opportunities for progression exist within the Treasury Department and, more broadly, in the Corporate Finance Directorate. An excellent package of executive benefits is offered.

Ioterested applicants should send a career résumé, with salary history and day-time telephone number quoting the appropriate reference to Neil Cameron, Executive Selection Division.

**Touche Ross**

Thavies Inn House, 3/4 Holborn Circus, London, EC1N 2HB. Telephone 01-353 7361.

# Jonathan Wren Leasing

### CROSSBORDER ASSET FINANCE
### Director - £100,000+

A leading financial services group seeks applications from asset finance professionals who have operated successfully within the domestic and international big ticket ($10m+) sector, for at least five years. The appointee will identify and source opportunities where true cross border financing can profitably be used and formulate the required complex structures. The position attracts an excellent bonus, related to individual performance.

### OPERATING LEASING
### Marketing Executives c£30,000 plus bonus

We have been retained by several prestigious clients to recruit individuals to assist in spearheading their penetration of the operating lease market. Applications are sought from individuals, aged 25 to 35, who combine at least two year's experience of writing innovative operating leases with a thorough knowledge of a particular industry sector and the residual values of the related assets. There are opportunities to earn a substantial bonus based on personal performance.

### MANUFACTURER SUPPORT
### Building for the Future c£30,000

Our client enjoys a unique position as the undisputed leader in their particular market sector. The leasing subsidiary provides a variety of innovative financing solutions to clients throughout Europe. They seek applications from graduate MBA's or ACA's who can exhibit a thorough understanding of the leasing/asset finance market. Roles will encompass strategic planning, transaction structuring, treasury and the research of new financial products. Fluency in a European language will be a distinct advantage.

**Please contact Peter Haynes or Sarah Stone**

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

**Jonathan Wren**

Recruitment Consultants
*No. 1 New Street, (off Bishopsgate), London EC2M 4TP*
Telephone: 01-623 1266 Fax: 01-626 5258

# CORPORATE FINANCE

Our client is a AAA rated European bank which has enjoyed considerable success over recent years. As part of their global strategy, they have an ongoing interest in meeting people with experience in the following areas:-

**MBOs** **LBOs**
**Mergers & Acquisitions** **Structured Financing**
**Property Financing**

As an industry leader, our client demands only the highest standards from their corporate finance professionals. Your attitude to professionalism should correspond to theirs.

Suitable candidates should have at least two years' experience in a corporate finance environment. Ideally, some sort of European exposure, most particularly cross border acquisitions, would be desirable along with a European language.

In return for your commitment, our client offers an attractive package coupled with an opportunity for genuine career advancement in a dynamic and entrepreneurial environment.

*The Rathbone Consultancy*

Premier House, 77 Oxford St, London W1R 1RB, England.
Tel. 439 1188/287 5304 Fax 494 0539

# EXECUTIVE SEARCH

A newly established Executive Search firm specialising in Investment Banking seeks Consultants with either Corporate Finance, Treasury or Fixed Income backgrounds. The Company boasts an unrivalled client base and annual commitments which will assure it of a successful future. Candidates should have over 5 years experience of a relative market, an excellent reputation within the industry and a wish to work within a highly creative, unstructured and stimulating environment.

**Reply to Box A1267 Financial Times, One Southwark Bridge, London SE1 9HL**

# INTERNATIONAL BANKING

**BUSINESS DEVELOPMENT**

The Loodoo branch of a major Middle East Internatiooal Bank is seekiog an experieoced professional to develop our corporate baokiog business, particularly in the area of lease financing.

Probably a graduate, A.I.B. qualified, caodidates should have at least 8 years banking experience. They must be able to demonstrate a strong track record of developing new business, and of managing a substantial portfolio.

An attractive competitive salary aod benefits package are offered.

**FX DEALER - BAHRAIN 3 YEAR CONTRACT**

The Bahrain office seeks to appoint a FX Dealer who must have a minimum of 5 years successful dealing room experience within international banking.

This position would suit a single person aged 25 to 35.

A substantial benefits package includes free accommodation and return air fares.

*Please reply in confidence to:*

**Box A1304, Financial Times, One Southwark Bridge, London SE1 9HL**

# FUND MANAGER US EQUITIES

**An opportunity to manage funds in the rapidly expanding investment department of a major Japanese company.**

This position is likely to appeal to someone with at least two years experience of managing US Equity investments who is looking for increased responsibility and the chance to join a fast growing investment management operation.

Since its establishment in London the Company has developed a strong international client base and has substantial assets under management.

The emphasis of the job is principally on fund management but the person appointed will also be required to provide input on the US for asset allocation purposes and will have some involvement in client presentations. You are likely to be aged in your late twenties/early thirties, team-orientated and a good communicator. You must be able to demonstrate a record of success in managing US investments and preferably have some experience of options.

The position offers an attractive compensation package, which includes a competitive base salary, performance related bonus, Company car and mortgage subsidy. If you would like to be considered, please telephone either **Michael Thompson** or **Susan Muncey** for a preliminary discussion on **01-222 7733** or write to:
**John Sears and Associates,**
**Executive Recruitment Consultants,**
**2 Queen Anne's Gate Buildings,**
**Dartmouth Street, London SW1 9BP.**

**John Sears and Associates** A MEMBER OF THE SMCL GROUP

# BOSTON SAFE DEPOSIT AND TRUST COMPANY (U.K.) LIMITED

## PRIVATE INVESTMENT BANKERS

**Salary Circa £45,000**

Boston Safe Deposit & Trust Company is one of the top 20 Banks in the U.S. with balance sheet assets in excess of $13 billion worldwide.

We are currently expanding our international private banking department which caters to discriminating high networth clients. We seek highly motivated sophisticated individuals to market the departments international products and services.

The ideal candidate possesses five years marketing experience in the high networth private clieot market and is fully versed in the foreign exchange and fixed income markets. Fluency in one or more foreign language would be viewed favourably.

The position comes with first-class banking benefits including a result orientated incentive compensation package, non-contributory pension scheme, reduced rate mortgage, private health cover and company car.

Please write enclosing CV to Valerie Borley, *Boston Safe Deposit and Trust Company (U.K.) Limited,* Princess House, Bush Lane, London EC4R 0AN

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# CJA

**RECRUITMENT CONSULTANTS GROUP**
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Excellent career prospects exist throughout this major group.

## SALES & MARKETING MANAGERS – COMMERCIAL AIRCRAFT

**N. HOME COUNTIES** **£23,000-£27,500 + CAR**

**MAJOR MANUFACTURER OPERATING WORLD-WIDE**

These new appointments are the result of our client's planned expansion to meet the demands of airline growth for the projected doubling of commercial traffic by the year 2000. Applications are invited from candidates with significant and successful overseas sales experience of high capital cost equipment, and the negotiation of procurement with governments, etc. The Managers will be accountable for the business management and strategic planning, etc. for one or more major accounts and will control a dedicated sales team. Aeronautical/aviation related experience would be beneficial. Although there is full technical sales and commercial support, negotieting skills, *professionalism and the potential for the long-term* contribution to business development are of greater importance. Initial remuneration is negotiable £23,000-£27,500 + car and benefits package, including assistance with removal expenses where appropriate. Applications in strict confidence under reference SMMCA 4678/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

**CA** 01-377 6488

### MORTGAGE BACKED SECURITIES

A major International Bank is seeking a person with Mortgage Backed/Receivable experience. This Director Level position would suit someone with a good marketing as well as technical background. Would consider a non experienced Sales person with Law/Accounting background. Excellent salary/package. Please ring quoting Ref: DF/801

### DIRECTOR STERLING SYNDICATIONS

Top house seeks person with long end of Sterling Market experience, Buildogs, Private Placements, etc. Experience with Mandates. Marketing and Technical skills required with the ability to give presentations to major institutions. Package completely negotiable. Please ring quoting Ref: DF/802

### LBO/MBO EXECUTIVE DIRECTOR

A major International House requires an executive to run LBO/MBO operation. Must have extensive experience in sophisticated, structured financing. The House has offices worldwide thus market areas could be global, with an emphasis on Europe and North America. Salary and package are completely negotiable. Please ring quoting Ref: DF/901

### EUROSTERLING SALES

A top house requires a Euro-Sterling Salesman with good experience and a U.K. Client Base. Salary and package of six figures available. Please ring quoting Ref: DF/444

*All applications will be treated in the strictest of confidence. For enquiries outside business hours, please ring Sue Stevens 01-364 1833.*

**CAMBRIDGE APPOINTMENTS,**
232 Shoreditch High Street, London E1 6PJ. Fax No. 377 0887

# AT A CAREER CROSSROADS ?

Hill Samuel Investment Servicea is aeeking executives aged 25 to 50 end with experience in industry, commerce or the professions, to become Personal Financial Advisers. All necessary training and aupport will be given to enable you to promote the renowned range of Hill Samuel peraonal financial products and services.

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**INTERNATIONAL**

# MOTIVATED EXECUTIVES REQUIRED

We are one of the world'e leeding energy broking companies. As part of our natural growth we are looking to employ additional staff at all levels, to join our broking teams. We require self-motivated, innovative professionals who can integrate well into a team yet maintain independent responsibility.

Ideal candidates will presently be employed in a financial or commodity trading/broking high pressure environment.

The position offers an attractive remuneration, together with fringe benefits.

Candidates should reply in confidence enclosing a comprehensive curriculum vitae with daytime telephone number to:

**Box A1305, Financial Times, One Southwark Bridge, LONDON. SE1 9HL**

# WOLFSON COLLEGE, CAMBRIDGE
## BURSAR

The college wishes to appoint a Bursar from January 1990. The Bursar has overall responsibility for the investments, finances and management of the College. The appointment could be full-time or part-time, detailed duties and supporting staff being arranged accordingly. The successful candidate will be elected into a Fellowship.

Further particulars may be obtained from the College secretary, Wolfson College, Cambridge CB3 9BB (tel.0223 335900). Applications should be submitted to the President by 25 August 1989.

# SALES DIRECTOR

Progressive and expanding North West firm of Technical Engineers specialising in the manufacture and sales of a range of power transmission and conveyor components are seeking and experienced Sales Director to significantly expand turnover from the current £2.5 million by control, development and expansion of an existing sales force.

*Apply in writing to:-*
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*79 Oxford Street*
*Manchester*

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### Position Required

in *Financial Management/Economic* Advice. Background in financial management of large public body and short term experience in takeovers. Qualifications include MBA and Bachelor of Economics (1st Hons). Second language is French.

Write Box A1307, Financial Times, One Southwark Bridge, London SE1 9HL.

# WILLIAM M. MERCER SA

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Opportunities are now nvailable in Geneva for consulting staff experienced in working with multinational clients.

In particular we seek actuaries, benefit consultants, compensation consultants aod pensioo plan administrators.

For more information contact:

Serge Camilleri
telephone:
022-28 29 77/78

هكذا من الاصل

# ASSISTANT FUND MANAGER

Guinness Mahon Investment Management is seeking an Assistant Fund Manager to complement its existing well respected and professional team.

A subsidiary of Guinness Mahon Holdings plc, we manage unit and investment trusts, pensions and other third party funds, with an impressive track record including awards such as the Observer Small Unit Trust Group of 1988 and the Sunday Telegraph Unit Trust Group of 1988.

The position we wish to fill offers the opportunity to perform a key role within our small companies team. The person we seek will have at least 2 years' analytical experience and preferably some fund management experience; the attitude and commitment to be a self starter; and the ability and ambition to make a positive contribution to our growth and continued success.

Attractive remuneration package.

Please apply in writing with a full c.v. to Veronica Burwood, Personnel Manager, Guinness Mahon Investment Management, 32 St. Mary at Hill, London EC3P 3AJ.

GUINNESS MAHON INVESTMENT MANAGEMENT

# EUROPEAN SALES MANAGER

**Fluent in French & German**
**Computer Services in the Financial Markets**

## OTE £60,000 · Based Europe

Our client is a leading software and services company supplying highly sophisticated systems, for the futures and options markets, to banks and financial institutions. Their success in Europe, which has been achieved within a short time span, has been considerable and they now seek to build upon this by appointing a European Sales Manager.

The successful candidate will, by nature, be a self starter with the business acumen to identify and take advantage of the new markets developing across Europe together with the know-how to develop and close deals single handed. As the European business expands, he/she will also be expected to recruit, train and motivate a small team of sales and support staff.

Ideally educated to degree standard, probably aged io your late 20's early 30's, you will be fluent in German and French, and will already be in the senior sales bracket of the hardware/software/office equipment market. However, selling to financial institutions in Europe requires a vastly different approach from the domestic market, therefore candidates with international sales experience will automatically be favoured.

The remuneration package reflects the results that we will expect from the successful applicant, and comprises a high basic salary, and on-target earnings of c.£60,000 (no ceiling). In addition there will be a company car and other benefits.

Applications in writing please to: Roger Hawkins, Oriel Search Limited, Oriel Lodge, Dunmow Hill, Fleet, Hampshire GU13 9AN.

# COMPLIANCE MANAGER

Our cliant is a rapidly expanding, specialist merchant bank, based in the City of London. Offering a diverse range of financial services, tha company places great emphasis upon its research capabilities and strong customer relationships.

As part of its overall expansion, the company now wishes to appoint a Compliance Manager who will be responsible for ensuring that the requirements of The Securities Association and other Self Regulating Organisations are met. A significant part of the job will involve liaising with senior management, in particular, informing them of changes within tha regulatory legislation and ensuring that procedures are followed.

Candidates should be tactful, must demonstrate an ability to operate on their own initiative and be able to communicate effectively at all levels. Educated to degree level, they should preferably have obtained a legal qualification and certainly will have gained experience of tha compliance function within a leading City financial institution.

*Please write in confidence giving concise career and personal details, listing separately any company to whom you do not wish your C.V. to be sent.*

**Miss Charlotte E Ballamy**
**Account Manager**
**Bates Tavner Resources International Limited**
**63 Carter Lane**
**London EC4V 5DY**

Bates Tavner Resources International Ltd

SMITH NEW COURT PLC

# TRADED OPTION DEALERS

Smith New Court PLC - the leading independent securities house - is looking to expand its Traded Options team by recruiting aggressive, risk-orientated dealers, with around two years experience in derivative products.

If you have the energy and commitment to meet the challenge of this job opportunity, you will receive a competitive remuneration package in return.

For further details, please contact:

**Alison James, Smith New Court PLC, Chetwynd House, 24-30 St Swithin's Lane, LONDON EC4N 8AE Tel: 626 1544**

# Equities Analyst -Spain

Kleinwort Benson Securities offers a challenging and rewarding opportunity for a graduate trainee investment analyst to join their highly-rated European Research team.

The successful applicant, probably aged 21-25, will work with our Senior Spanish Analyst and will concentrate mainly on written research; however, he/she will also be involved in client liaison and dealing.

Fluency in written and spoken Spanish and English is absolutely essential and a thorough understanding of Spain's culture is also necessary. Previous experience in the securities industry is not a requirement but candidates with a business school background, having a knowledge of economics, balance sheet analysis and management techniques, would be given preference.

Above all, the person will be expected to work long hours and show great commitment. The career potential is unlimited for the right applicant.

Please write, enclosing a CV, to Jill Kennard, Personnel Department, Kleinwort Benson Limited, 10 Fenchurch Street, London, EC3M 3LB.

**Kleinwort Benson Securities**

# INTER DEALER BROKING

**EQUITIES**

- Garban Equities is expanding in this important area.
- We require individuals with at least 2 to 3 years experience of developing business relationships within the equity market.
- Knowledge of screen based markets and good communicative skills are essential.
- Competitive packages are available for those with the right combination of enthusiasm and commitment.

Apply in writing to Mr. Pat Turnbull, Chief Executive, or telephone on 01-248 3806.

**GARBAN EQUITIES LIMITED**

34-40 Ludgate Hill, London EC4M 7JT

Member of The Securities Association and The International Stock Exchange

**YAMAICHI**

# Assistant Legal Advisor

**City**

**Recently qualified lawyer**

**International finance experience**

**Age 25 to 30**

**Salary: Competitive package to include generous banking benefits**

Yamaichi Securities Co. Ltd is one of the world's leading securities houses, with 40 offices spanning 24 major financial centres.

In London, Yamaichi International (Europe) is its European flagship employing over 350 people from twelve countries, and is currently celebrating 25 years in the City.

A key position has arisen in its expanding Corporate Advisory Group for a recently qualified lawyer. An intrinsic part of the Corporate Finance Department, the Group is responsible for the execution of all Yamaichi's eurobond, equity and commercial paper transactions and provides support to the M&A group.

Ideally, the right candidate will have up to a year's documentation experience in international finance.

**Candidates should submit, in confidence, a detailed cv to Mrs Kath Lawrence, Personnel Department, Yamaichi International (Europe) Limited, 111-117 Finsbury Pavement, London EC2A 1EQ Tel: 01-638 5599**

Member of The International Stock Exchange
Member of The Securities Association

THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE

# UK BUSINESS DEVELOPMENT ASSISTANT MANAGER

**CITY** **c.£30,000 + CAR**

Since its inception some six years ago, the London International Financial Futures Exchange - based at the Royal Exchange in the City of London - has quickly established itself as one of the world's leading markets for the trading of international financial futures and options contracts.

Reporting to a Director of Business Development, this new position will offer wide scope to promote the use of LIFFE's products and, in particular, the FT-SE 100 futures contract, in the UK by developing and maintaining key relationships with institutional investors, associations and regulators.

The ability to devise a creative, strategic approach to business development in financial markets is of prime importance. For this position, candidates are likely to have a particular knowledge of the equities markets - ideally based on a technical/research-based background plus experience of fund management techniques - allied to well-developed interpersonal skills including the ability to present effectively at the most senior levels.

The benefits are those associated with a major international employer.

To apply, please write enclosing your detailed cv to Helen Jenkins, Personnel Manager, LIFFE, The Royal Exchange, London EC3V 3PJ.

LIFFE The London International Financial Futures Exchange

# EUROPEAN FINANCE DIRECTOR MAGAZINE

City experience will give you a flying start selling advertisement space into this established successful business publication.

If you are articulate and quick thinking with the confidence to present at board level on the telephone we would like to hear from you.

Realistic earnings in first year

£30k - £60k

Telephone David O'Brien or Julian Moore on 636 8917 to make an appointment.

# SENIOR FX DEALER FOR U.S. INVESTMENT BANK

Highly competitive salary package

Reply with comprehensive C.V. to: Box A1302, Financial Times, One Southwark Bridge, London SE1 9HL

بنك الرياض
# RIYAD BANK

Riyad Bank, one of the largest and most prominent Banks in the Middle East is seeking to recruit qualified individuals for the following positions at its Head Office in Riyadh:-

## *EQUITY INVESTMENT MANAGER*

As the Manager of the department you will have responsibility for:

- Developing the client investment functions of the bank as well as the size and quality of the client base.
- Further development of investment products including discretionary portfolio management, mutual funds, etc.
- Conducting investment research on Saudi stock companies and markets as well as special projects.
- Strategic planning of human resources, training, systems and structure of the department.
- Supervision of staff and all other operational functions.

The ideal candidate will have approximately seven years sound investment banking background with an emphasis on marketing and at least three years management experience. Essential skills must include market research, planning and portfolio investment strategy formulation. A mature, adaptable outlook and previous work experience in the Middle East is desirable.

## *CORPORATE FINANCE MANAGER*

As the Manager of the department you will have responsibility for:

- Developing and implementing a marketing strategy aimed at soliciting and sustaining relationships with major corporations and institutions.
- Proposing, structuring and finalizing a wide variety of products, such as syndicated credits, trade and project finance, leveraged transactions and leasing.
- Supervising staff and operational functions.

The position demands a mature individual with at least five years experience in investment banking at a major financial institution. The successful candidate should have sound marketing and credit skills. Prior Middle East experience is an advantage.

These positions carry a fully competitive salary and expatriate benefits package.

Please submit your applications in confidence to:

The Assistant General Manager, (Personnel), Riyad Bank, Head Office, P.O. Box 22622, Riyadh 11416, Saudi Arabia.

**KING'S COLLEGE LONDON**

**MANAGEMENT CENTRE**

## DIRECTOR OF MANAGEMENT CONSULTANCY AND SENIOR MANAGEMENT CONSULTANTS

Applicatione are invited for the full-time positions of Director end Senior Managament Consultant, of the Managament Consultancy and Research Unit of the Managemant Centre of King'e College London. The Director end Consultants will hold full time positione es Senior Reseerch Fellowe of the Management Centre, end will be self-financing from the outset by meana of their own contracts. They will have a good track record in management consultancy and/or research (and must hold a recognised degree). Salery will be within the Senior Research Fellow range of £21,039 - £25,935 inclusive.

Applications enclosing full CV and 2 referees, should be sent to Mr G A Cuthbert, Personnel Office, King's College London, Strand, London, WC2R 2LS, from whom further information is available. Tel: 01-873 2288.

*Closing date for receipt of applications: 27th July, 1989.*

## UNITED WORLD COLLEGES (INTERNATIONAL) LTD

### DIRECTOR GENERAL

The post of Director General of the United World Colleges (UWC) is to become vacant on 31 March 1990 on the retirement of Sir Ian Gourlay.

UWC, as a registered UK charity, is committed to make education a force to promote international understanding through the establishment of a worldwide chain of schools and colleges attended by students selected on merit from all races, cultures and religions.

The Director General is the principal executive officer of the International Board of Directors, and is responsible for both the initiation and the implementation of the Board's policy. UWC's aim to extend both the number of its Colleges and the range of their activities, in particular in relation to the Third World, make heavy demands on its principal executive officer. The Director General must be prepared to travel extensively and be able to communicate effectively with the media and a wide range of people the world over. The Directors General will ideally have managerial experience, a good knowledge of English and a working knowledge of at least one other world language.

The Board envisages a period of office of 7 to 10 years but the precise terms of appointment including salary will be matters for discussion between the Board Chairman and the successful candidate.

For further information please contact:

Sir Albert Sloman
Chairman of the International Board
c/o United World Colleges, London House
Mecklenburgh Square, LONDON WC1N 2AB

Tel: 01 833-2626 Telex: 296459 UWCLON G Fax: 01 837 3102

Closing date for applications is 15 September 1989.

This is an equal opportunities employer.

# ASSISTANT DIRECTOR-CORPORATE FINANCE

**Yorkshire**

**Substantial salary + bonus, mortgage subsidy and car**

ALREADY A SUCCESSFUL merchant banking subsidiary of one of the major British financial institutions, our client is further expanding its activities in Yorkshire to maximise the potential of the region's buoyant economy.

As a key member of a small, strongly motivated corporate finance team, you will seek out major opportunities for flotations, mergers and acquisitions, as well as developing client relationships and delivering corporate, strategic advice.

Probably in your early thirties, a graduate or equivalent, with a professional accounting or legal qualification, you must have substantial corporate finance experience in the City of London or a regional financial centre.

A highly competitive salary and benefits package plus career opportunities in an expanding environment make this a most attractive proposition for the right candidate. Relocation provided if necessary.

To apply, please send full CV to Stan Dickinson. Ref: 3493/SD/FT, PA Consulting Group, 15 St Paul's Street, Leeds LS1 2JG, or telephone him on 0532 424220.

PA Consulting Group

HUMAN RESOURCES

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## STOCKBROKING
## SOUTH EAST ASIAN
## EQUITY MARKETS INSTITUTIONAL
## SALESMEN, AND INVESTMENT ANALYSTS

Crosby Securities is a young and rapidly expanding company which provides quality research and professional stockbroking services to a global client base. We cover the major stock markets in South East Asia; Hong Kong, Singapore, Malaysia and Thailand. Our Headquarters is in Hong Kong; We have further offices in Singapore, Kuala Lumpur, Bangkok, New York and London.

We are currently offering the opportunity for skilled analysts and salesmen to develop their careers in niche markets which are among the fastest growing in the world.

Institutional Salesmen:

Based in London, New York or Hong Kong. You will already be advising significant institutional investors on the South East Asian markets. You will also have in excess of two years experience of equity sales.

*Investment Analysts:*

We are seeking additional experienced analysts for all our offices in South East Asia. You will demonstrate strong presentational skills and have had a minimum of three years in equity research, not necessarily gained in the markets that we cover.

Remuneration will be attractive by industry standards and will reflect experience and qualifications.
Please apply with a detailed curriculum vitae and contact telephone number to:

**Michael Hanson-Lawson**
**Crosby Securities (U.K.) Ltd**
**8th Floor**
**95 Aldwych**
**London WC2B 4JF**

**CROSBY SECURITIES**

A growing force in Asian Stockbroking.

**ECONOMIST** to £40,000

A major US bank is seeking to recruit an experienced, market- orientated Economist to act as an internal consultant supporting all areas of their trading operations. Candidates, educated to degree level, must have strong analytical, research and communication skills together with at least 2 years' experience of working within a trading environment.

**GLOBAL CUSTODY** c£27,000

Our client, a premier financial institution and market leader in providing global custody services, is looking to recruit a Network Relationship Officer. The role will involve building and maintaining relationships with sub custodians world wide and constant liaison with customers, consequently involving extensive travel. Candidates should have broad experience within the securities industry together with the communication skills to interface at all levels.

**DEVELOPMENT ANALYST** to £25,000

A premier US bank is looking to recruit a numerate and analytical graduate or MBA, or possibly a part qualified accountant, to join their European Operations and Systems Division. Working closely with senior management, the successful candidate will be responsible for providing management information and will be given the opportunity to influence decision making at the highest level. Candidates must have strong communication skills and will ideally have accounting or banking operations experience.

**CLIENT LIAISON OFFICER**
**INTERNATIONAL MONEY TRANSFER** c£16,000

A major American bank is seeking to recruit a young, ambitious graduate with 1/2 years' banking operations experience to join their International Money Transfer marketing team. Liaising with clients, assisting sales officers in the identification of new business opportunities, ensuring the smooth delivery of services to existing clients and assisting in the 'setting up' of new corporate customers all form part of this key role. Applicants will ideally have experience of working within Funds Transfer Operations or an Electronic Banking environment.

Please contact Judy Elmes at:-

*Well Court Associates*
Executive Recruitment Consultants
11 Well Court, London EC4M 9DN Tel: 01-236 0723 Fax: 01-489 8305

WCA

## OPERATIONS OPPORTUNITIES
## EURO-SECURITIES

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**OPERATIONS MANAGER** to £30,000

The successful candidate will be responsible for managing the proof and control unit within the Long Term Finance Division. Managing day to day operations, implementing procedures to meet the future needs of the business, liaising with the front office and controllers and implementing new automated systems all form part of this key role. Together with sound man-management skills, applicants should have at least 2 years' experience of managing a line unit within the Euro-Securities field.

**OPERATIONS ANALYST** to £30,000

Enhancing operational procedures, introducing new PC based systems, reviewing internal controls and establishing management information systems within the Euro-Securities Operations Division all form part of this proactive position. Applicants should have at least 2/3 years' experience within a banking operations environment, preferably covering Euro-Securities, together with basic PC programming skills and a sound knowledge of bank accounting procedures.

If you are interested in one of the above positions, or can offer progressive operations management experience within a related field, we would be interested in talking to you. Interested applicants should call Gill Pembleton at:-

*Well Court Associates*
Executive Recruitment Consultants
11 Well Court, London EC4M 9DN Tel: 01-236 0723 Fax:01-489 8305

CHASE

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WCA

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**London W1X 3RB**

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In the first instance send your detailed CV to Bob Gunning, Senior Consultant, Austin Knight Selection, 17 St. Helen's Place, London EC3A 6AS. Please quote ref: 1024/JRG/89.

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Are you this man ? Then please write personally to Mr. Jerry Rubin, Managing Director of our consultants,
**Jerry Rubin Consultants S.A.**, Bd Général Jacques 15, B-1050 Brussels (Belgium). All applications will be dealt with in strict confidence.

JR

## FT LAW REPORTS

# Sugar contract is not repudiated

**COMPAGNIE COMMERCIALE SUCRES ET DENREES v C CZARNIKOW LTD**
Court of Appeal (Lord Justice Kerr, Lord Justice Lloyd and Lord Justice Butler-Sloss): July 13 1989

**A SELLER'S obligation under an f.o.b. contract to deliver cargo for loading within the specified period is not altered by incorporation of a term that he shall "have the cargo ready to be delivered to the buyers at any time within the contract period," and does not thereby become a duty to deliver immediately on buyers' presentation of the vessel. And, in the absence of contractual indication to the contrary, failure to perform the incorporated term is not breach of *condition constituting* repudiation, in that the term's wording is too imprecise to create a condition, whether in the form of a *time clause or otherwise.***

The Court of Appeal so held (Lord Justice Kerr dissenting) when dismissing an appeal by claimant buyers, C Czarnikow Ltd, from Mr Justice Gatehouse's decision that the sellers, Compagnie Commerciale Sucres et Denrees, were not in breach of condition under a contract for the sale of sugar.

LORD JUSTICE KERR dissenting, said that by a contract on the ASSUC Sugar Contract 2 form for EEC f.o.b. (free on board) stowed trade 1984, the sellers agreed to deliver "to one or more vessels presenting ready to load during May/June 1986."

The contract was a standard form of sugar contract used in string transactions. It incorporated the Rules of the Refined Sugar Association of London.

Rule 14(1) of the Rules provided that in cases of f.o.b. stowed contracts, "the seller shall have the sugar ready to be delivered to the buyer at any time within the contract period."

The Naxos presented itself ready for loading on May 29. The cargo was not ready for delivery.

That was still the position on June 3. The buyers then claimed the right to treat the contract as repudiated. They bought a replacement cargo.

The sellers contended they had until the end of the delivery period (May/June) to deliver, and that the contract was not validly terminated on June 3. The buyers claimed the difference between the contract price and the market price on June 3. The case was submitted to the London Sugar Association.

The arbitrators held that the sellers were in breach of a condition of the contract, and that the buyers were entitled to treat it as at an end. Their decision was reversed on appeal by Mr Justice Gatehouse. The buyers now appealed. The first issue was whether rule 14(1) was no more than a general statement of the sellers' position at Common Law, or whether it cast some additional express obligation on the sellers.

In *Italgrani [1986] 1 Lloyd's Rep 112* the Court of Appeal rejected the proposition that in f.o.b. contracts generally there was an implied obligation on sellers to have contractual goods "ready for delivery on call" within the contractual delivery period.

*In the present case rule 14(1)* provided the express term which was absent in *Italgrani*. The effect was to impose on the sellers an express additional obligation of which they were in breach by June 3.

The second issue was whether that obligation was a condition, or was a term breach of which sounded merely in damages.

It was a condition. It played a crucial role in the form of contract. It had the character of a time clause. The obligation arose at a definitive point of time, which became fixed as the result of the parties' joint actions pursuant to the contract. There was no demonstrable error of law or misdirection in the arbitrators' reasoning. It would not be right to reverse their award.

LORD JUSTICE LLOYD said that the issue was whether the buyers were entitled to treat the contract as at an end on June 3.

The contract called for delivery f.o.b. May/June. There was no finding in the award that the sellers were not able and willing to deliver by the end of June. If it were a classic f.o.b. contract, without incorporation of any special rules, the position was clear. The buyers had jumped too soon.

The buyers said it was not a classic f.o.b. contract, in that it was changed by incorporation of rule 14(1).

They said the effect of rule 14(1) was that the sellers were in default on May 29, and were also in breach of condition.

The rule 14(1) obligation was to have "the sugar ready to be delivered at any time within the contract period."

Almost every word of that phrase had been the subject of argument. Its meaning was far from definite.

First, what was meant by "the sugar?" The judge held it meant the whole contract *quantity*. *Mr Johnson for the* buyers said it meant the particular parcel of sugar called forward by the buyers. Another possibility was that it meant the quantity needed to start loading.

Next, what was meant by "ready to be delivered?" Delivery f.o.b. took place when goods were loaded on board. Nobody suggested "ready to be delivered" meant ready on the quayside. If it did not have to ready on the quayside, how near did it have to be? How ready was ready?

*Lastly*, what was meant by "at any time within the contract period?" Did it mean at commencement of shipment *period; or at expected readiness date;* or when the vessel gave notice of readiness; or when she berthed?

No doubt workable answers could be given. But the vagueness of the language, and the imprecision of the obligation, hardly encouraged the belief that the parties intended compliance with rule 14(1) to be a condition of the contract.

Mr Johnson argued that rule 14(1) was a time-clause, and that time clauses in commercial contracts usually had the force of a condition.

Rule 14(1) was not a time clause, except in the sense that every obligation in a contract had to be performed at some time or another.

There was no reference to the precise time by which the obligation had to be performed. The obligation was to have the cargo ready at "any" time within the contract period not, for example, at the expiry of notice of readiness. Nor were there any peremptory words such as "promptly," "immediately," or even "without delay." There were no other indications that the rule was intended to be a condition. It was not framed as a condition. Nor was performance of any of the buyers' obligations dependent on the sellers' prior performance of the rule 14(1) obligation.

The award showed the case might have been argued on an incorrect basis. The arbitrators said "the question comes down to whether the sellers' failure was a breach of condition . . . or merely a breach of . . . contract sounding only in damages." It appeared they were asked to choose between a condition and a warranty. *If* so, they were presented with a false antithesis. They failed to take account of the "intermediate *term*."

The intermediate term, as was now well-established (see *Bremer Handel [1978] 2 Lloyd's Rep 109,113*), was neither a condition nor a warranty. It was treated as one or the other according to the gravity of the consequences of the particular breach. That was how the term should be *categorised* in the present case.

There was no sellers' obligation to load as soon as the vessel arrived. If that was what the buyers wanted they must make their meaning clear – much clearer than rule 14(1).

The judge reached the correct conclusion on that issue. The other argument accepted by the judge was that the rule did not add anything to the ordinary obligation of a seller under a classic f.o.b. contract.

*Mr Johnson* argued that rule 14(1) must impose an additional obligation, otherwise the obligation could not have been rejected as an implied term in *Italgrani*. That argument was fallacious. If in *Italgrani* the Court of Appeal had construed "ready for delivery on call" in the context of an f.o.b. contract, the present court would have been bound by its decision. But it did not construe those words. They were not there. The Court of Appeal assumed a construction, and then rejected it as an implied term, which was a very different thing. There was nothing in *Italgrani* which decided that "ready for delivery on call" added anything to the ordinary obligation of the seller under an f.o.b. contract.

Rule 14(1) did not add or subtract from the parties' rights under an ordinary f.o.b. contract.

The appeal was dismissed.

Lord Justice Butler-Sloss agreed with Lord Justice Lloyd.

*For the sellers: Martin Moore-Bick QC (Richards Butler).*
*For the buyers: David Johnson QC and Duncan Matthews (William A Crump).*

**Rachel Davies**
*Barrister*

## COMPANY NOTICES

**THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED**
(Incorporated in the Republic of South Africa)
Registration No. 01/00251/06

DIVIDEND NO. 108
ON SHARE WARRANTS TO BEARER

Pursuant to the notice published on 28th June, 1989 members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 7th August, 1989 is 1 rand of 100 cents equals 22.855053p United Kingdom currency. The gross dividend payable by the United Kingdom Paying agents is therefore, equivalent to 205.6955p per share. Holders of share warrants to bearer are informed that payment of Dividend No 108 will be made on or after 7th August, 1989 upon surrender of Coupon 111 at the Office of Hill Samuel & Co. Ltd., 45, Beech Street, London EC2P 2LX.

| | | Amount payable per share (U.K. Currency) P |
|---|---|---|
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| Less: South African Non-Resident Shareholders' Tax of 15% | – | 30.8543 |
| AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS | – | 174.8412 |
| Less: United Kingdom Income Tax @ 10% on the gross dividend (See Notes 1 & 2 below) | – | 20.5696 |
| AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS | – | 154.2716 |

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LONDON EC2M 3XE.
24th July, 1989

BARNATO BROTHERS LIMITED
London Secretaries
Mrs. A.F. Smith
Secretary

NOTES:
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 205.6955p.
(2) Under the Double Taxation Agreement, between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 10% instead of at the standard rate of 25% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders' Tax.

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**Société d'Investissement à Capital Variable**

**7, rue du Marché-aux-Herbes**
**L-1728 Luxembourg**

Notice is hereby given to the shareholders, that the
ANNUAL GENERAL MEETING
of shareholders in WARDLEY GLOBAL SELECTION will be held at the company's registered office, 7, rue du Marché-aux-Herbes, L-1728 Luxembourg, on Friday, 4th August 1989 at 11.00 a.m. for the purpose of considering and voting upon the following agenda:

1. Submission of the reports of the Board of Directors and of the Statutory Auditors;
2. Approval of the Financial Statements for the year ended 31st March, 1989; and allocation of the profits;
3. Discharge of the Directors and the Auditors;
4. Receipt of and action on nomination of the Directors and the Auditors;
5. Miscellaneous.

The shareholders are advised that no quorum is required for the items of the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.

In order to attend the meeting of the 4th August, 1989 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with the following banks:

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- The Hong Kong and Shanghai Banking Corporation
  1, Queen's Road Central
  HONG KONG
- The British Bank of the Middle East, London
  Geneva Branch
  Rue du Rhone, 23
  CH-1204 GENEVA
- The Hong Kong and Shanghai Banking Corporation (C.I.) Ltd.
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THE BOARD OF DIRECTORS.

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The Financial Times proposes to publish this survey on:

**15th September 1989**

For a full editorial synopsis and advertisement details, please contact:

**Anthony G. Hayes on 021 454 0922**

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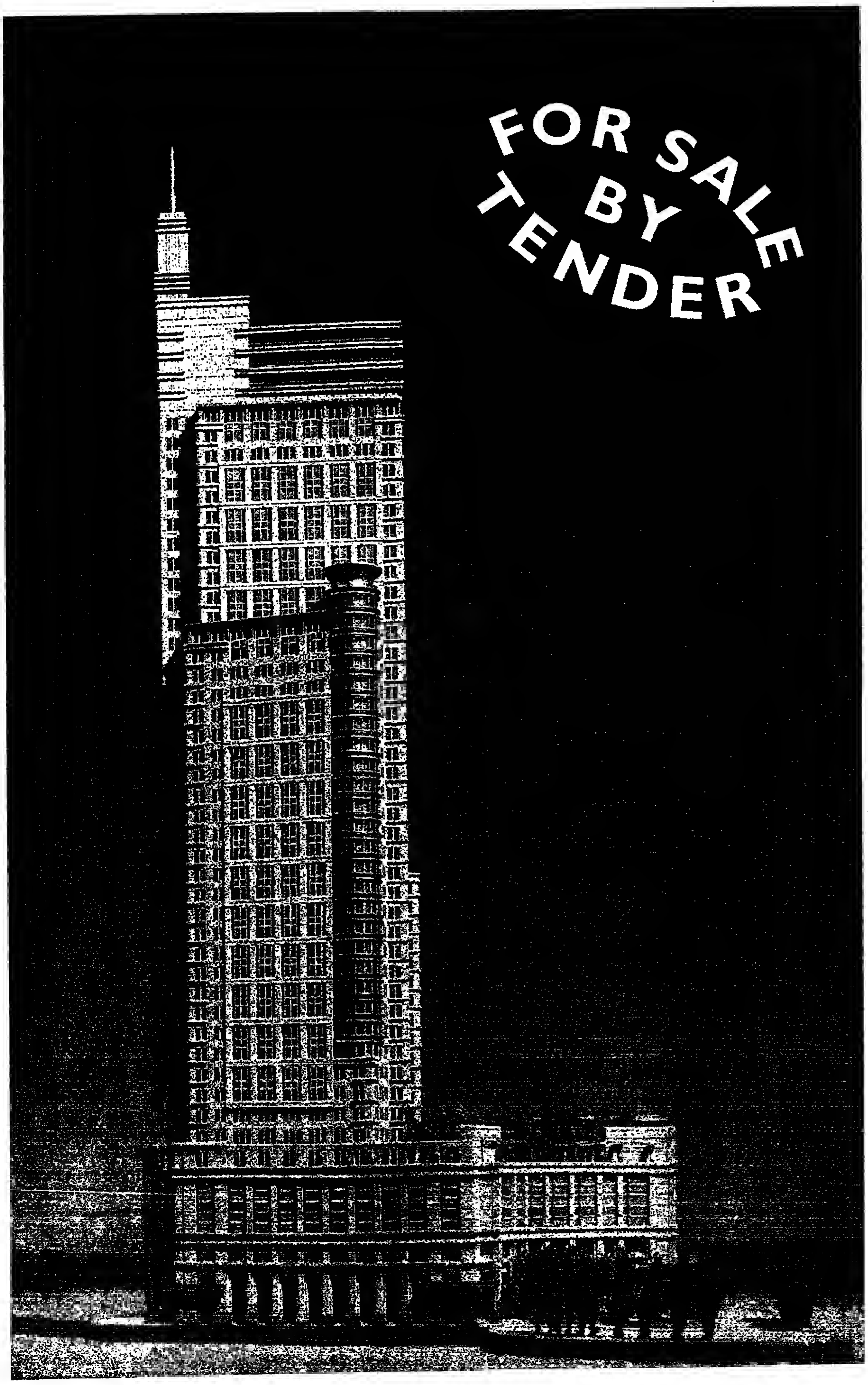

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## MANAGEMENT

Burger King

# A head-on challenge to a deep malaise

**A culture change is at the heart of Barry Gibbons' strategy to put the US fast food company on a recovery path, reports Roderick Oram**

A modernistic pink palace, the new international headquarters of Burger King, sits magnificently in a reclaimed mangrove swamp south of Miami, a bun's throw from the Atlantic.

Upstairs in the sunny and restful cafeteria, employees lunch on a wide spread of food from salads to health food entrées and frozen yoghurt. But where are the burgers, fries and shakes?

The dining room, open for a year, is only now sprouting its own mini-Burger King. "It's been a long time but they've finally got it together," says the lady behind the counter.

While management of the world's second largest fast food chain fiddled, the Burger King empire sank, helping turn Pillsbury, its parent, into a takeover target. After a short listless fight, Pillsbury succumbed last winter to a $5.8bn offer from Grand Metropolitan, the UK drinks and foods group.

Grand Met argued during the battle that customers much preferred Burger King's hamburgers to those at McDonald's, the apparently unassailable fast food leader with double Burger King'e market share.

Trouble was, customers never knew quite what they would get when they walked into a Burger King restaurant. The chain had gained an unenviable reputation for inconsistent quality and poor management. Grand Met said it could fix those and make Burger King a large and highly profitable addition to its global food and drinks portfolio.

Some competitors and analysts doubt, though, whether Burger King can be turned round, so deep is its malaise. Failure would ruin Grand Met's chances of a big pay-off from the Pillsbury purchase, damage its finances and credibility and chalk up another failure by a British company in the US consumer sector.

Grand Met gave the considerable Burger King challenge to Barry Gibbons, a 43-year-old from Manchester who had restored to profits its Berni restaurants in the UK. He had never worked in the US until he arrived at Burger King in January.

Do you have to be an American to know how to sell a hamburger? "Effective retailing is a culture with people and service the biggest part of the brand and the hamburger itself only a very small part," he

Barry Gibbons: "By the fall of this year, this organisation should be motoring again"

says seven months into the job. He believes he knows how to change the culture from which everything else will flow.

You cannot improve quality, for example, through the more rigorous policing of 5,900 restaurants and 250,000 employees worldwide. There are just too many and a resentful backlash is certain. Better to give employees and franchisees the desire, support and incentives to meet higher standards, he argues.

Armed with the theory, he arrived to find trouble at the pink palace. The culture was wrong for the business – "attitudinally they were not geared to take risks" – and morale was very low. "Burger King's physical problems were wildly overstated. No more than 10 per cent of the restaurants were poor but the spiritual ones were much deeper. I suspect they had believed all the drivel that'd been written about them."

The extrovert Gibbons tackled the malaise head on, calling an all-employee meeting to rally the troops. At the end of his first week, he sat by a swimming pool and rattled off a pair of essays about his management philosophy and how he would apply it at Burger King.

The effect was electrifying on the dispirited staff at Burger King. Bootleg copies flowed by fax up to Pillsbury's Minneapolis headquarters. Staff there say they read them avidly to help assuage the uncertainty they felt in the wake of the takeover.

"All that leaders can do is create the air in the greenhouse," Gibbons says. "There's tremendous energy here when they breathe the right air." Employees and franchisees have responded rapidly in the past five months. "The system is starting to believe in itself again."

Underpinning the pep talks are major changes to the way Burger King manages itself, relates to franchisees and presents itself to the public. "By the fall of this year, this organisation should be motoring again."

Pillsbury has reconstituted Burger King as a stand alone company with Gibbons reporting to Ian Martin, its new Scottish chief executive. The personal and business relationship between the two men should cut out the Miami Vice/Minneapolis Ice friction that plagued previous managements. Gibbons is Burger King's fifth chief executive since 1980.

Gibbons completely redrew Burger King's corporate structure, halving the layers of staff between him and the consumer. "Our customer response has to be fast, fast, fast." Nearly 600 of 1,600 Burger King corporate employees – mostly in the regions – lost their jobs, in order to concentrate resources in Miami.

"We don't have a lot of surplus office space here, just lots of surplus lakes," he says of the pink palace and its grounds. "There are some parts of this place I'll never be able to justify but the workstations are functional, not magnificent."

Not only did he retain some experienced senior executives, such as Ron Petty who was made president and chief operating officer after long experience at home and abroad, Gibbons also brought in new talent. The previous management had tried but the big salaries necessary to lure them were vetoed by the Pillsbury executives in Minneapolis. Gibbons' best catch was Gary Langstaff, the new head of marketing, who made his reputation promoting Hardee's, a fast-rising US hamburger chain.

Burger King certainly needs to restore street credibility after a series of ill-conceived and executed advertising campaigns in recent years featuring such embarrassing characters as Herb the Nerd. Many campaigns petered out early, plagued by a poor public response

Burger King aims for a more integrated approach to marketing

and badly co-ordinated supply of promotional items to restaurants.

The company has been bold in splitting its advertising, giving D'Arcy Masius Benton & Bowles the task of creating a new identity and Saatchi & Saatchi the role of translating it into day-to-day advertising and promotions.

"We want a holistic and integrated approach to marketing. Too often the industry just pushes new ideas," Gibbons says. "We want to distinguish the brand and support it over a long time with the products and merchandising."

Annual advertising expenditure is static – at about $215m – since the money is raised mostly from franchisees on a strict formula. It is a fraction of the money McDonald's spends "but that doesn't bother me. We have a phenomenal sum which we need to spend more effectively." He plans, for example, to draw more heavily on co-promotions with suppliers such as PepsiCo.

To help win back customers, Burger King is striving to co-ordinate better "brand development" through a four-man team with a senior representative from marketing, technical, operational and supply functions. Its mission is to develop new menu items the public wants and then ensure they are properly supplied to the restaurants, served to the public and marketed.

Also on the operations side, Burger King has kept Distron, its troubled distribution system which Grand Met had originally planned to sell. Gibbons believes it better "not to abdicate to a third party. There are not many sustainable competitive advantages; purchasing and distribution are two of them."

More than a low-cost buying service is needed to win back the disenchanted among the franchisees. Gibbons believes that giving them strong products, marketing and support is the best strategy. Armed with these tools, a franchisee will be able to make a bigger return on his investment and thus be happier and more highly motivated.

"I'm working on the basis that nobody wants to run a bad restaurant. If at the end of the day someone is not motivated, or has no interest in the brand or is bloody-minded, then we'll have a staring contest and Grand Met never blinks."

Burger King will continue to take the ultimate step of buying out chronically under-performing franchisees, either itself or letting a good franchisee do so. Such a move would also increase the number of company-owned stores from around 800, some 15 per cent of the US total.

One key technique the new team will use to bring restaurants up to standard is a "mystery shopper" programme. Acting on reports from incognito inspectors in the field, the company will quickly alert restaurant managers and franchisees to problems. But again, the approach will be to encourage, not chastise. Information will also come from customers calling in on toll-free telephone numbers.

More crucially, Gibbons has to hook the franchisees if he is to turn his vision of a revitalised Burger King into reality. They were close to mutiny under the old management, particularly after Pillsbury talked of spinning off Burger King as a defence against Grand Met.

For the first three months in Miami he overhauled the organisation. "What we've done would normally take 18 months, an outside consultant told us." Then he and his new team set out on a series of regional meetings with franchisees.

Some points were hard to sell, such as the elimination of a number of support services – such as architectural help – offered by the much slimmed regional organisation. The money saved will be better spent on core functions, Gibbons argues.

Believe in yourself and Burger King was his basic pitch to the franchisees. By all accounts he whipped up considerable enthusiasm from people tired of the constant carping. "He helped us feel good about ourselves again," says one. The gathering was like a revival meeting.

"I was very impressed with their considerable professionalism," adds another. "They've taken some hard decisions which should have been taken a long time ago."

But, he adds, Burger King had charismatic leaders before who failed to deliver the goods. He and other franchisees want to see if Gibbons and his team can make the changes work, increase employee commitment to quality and convince the public thet Burger King has licked its problems. Success can be measured simply, Gibbons says. "My goal is to move average sales per restaurant to about $1.2m or $1.3m a year" from just over $1m now. "That's the signal that things are moving and alive."

The long term prospects for Burger King and Grand Met are huge, he believes. "There are only three concepts and six to eight brands for truly global consumer businesses. We've got one of the concepts and one of the brands."

## Management abstracts

**1992:The cant dispelled.** *M. van Mesdag in Industrial Marketing Digest (UK), Vol 13 No 4 88 (7 pages).*

Objects to implications in "1992" articles that there will then be a "single market": refers to almost 4,000 differences (not listing them) between the member countries that will remain; mentions and appraises three alternative marketing strategies that could be applied.

**The internationalisation of importing companies.** *J Reichel in European Journal of Marketing (UK), Vol 22 No 10, (10 pages)*

Based on Swedish research, discusses how foodstuff importers choose their international sources of supply, discounting social, cultural, economic, political, legal, technical and geographical factors as largely irrelevant to the buying decision; concentrates instead on five factors, including the workload involved, product price and expected changes, knowledge/experience of the region, transport feasibility, and volume. Analyses two internationalisation strategies – evolutionary, which seeks out new countries as supply sources, and incremental, in which new sources in the same geographical and cultural environment are added to existing suppliers.

**Telecom pros evolve.** *S. Kerr in Datamation (US), Jan 15 1989 (2 pages).*

Uses anecdotal evidence to show why telecommunications experts are evolving from the computer department and not from telecommunicatioos operations, noting that programming skills are increasingly vital to the role. Looks at various telecommunications occupations by charting salary increases.

**Sales Letters.** *L. Brock in Direct Marketing (US), Nov 88 (1 page).*

Believes that the sales letter in direct mail is often merely seen as a covering letter for catalogues or brochures; contends that it is, in fact, the very beart of the mailing being the first thing to be seen; states that it gives the opportunity to highlight a product's benefits; describes an interesting test to see if the letter is up to scratch

*These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.*

## CONTRACTS & TENDERS

## LEGAL NOTICES

DELLER CONSTRUCTION LIMITED

Registered number: 2086006
Trading names: Deller Construction
Nature of business: Builders
Trade classification: 23
Date of appointment of administrative receivers: 10th July 1989
Name of person appointing the administrative receivers: Royal Bank of Scotland Plc

BRIAN MILLS and COLIN GEORGE WISEMAN, Joint Administrative Receivers (office holder no's) 2305 & 8172 of:

Booth, White & Co
1 Wardrobe Place
Carter Lane
London
EC4V 5AJ

## TECHNOLOGY

# Watery grave for Sweden's nuclear waste

### Geoff Tansey describes a permanent site for radioactive debris

About 50 metres below the Baltic sea bed lies what the Swedish operators describe as the world's first purpose-built, permanent, underground disposal site for nuclear waste.

The Swedish Final Repository is just off the coast at Forsmark, the site of three nuclear power stations and the place where fallout from the Chernobyl disaster was first identified outside the Soviet Union.

The repository has been operating for more than a year and has attracted world-wide attention. It is run by the Swedish Nuclear Fuel and Waste Management Company (SKB), which is owned by the country's four nuclear power producing utilities. The reactor owners are responsible for the total costs of guaranteeing both reactor safety and the efficient management of the radioactive waste.

The cost so far of the first phase of the project is SKr 750m (£70m), according to Sten Bjurstrom, SKB's president. Total building and operating costs are estimated to be about SKr 1.4bn, two thirds of which are building costs. (This is equivalent to SKr 0.001/kWh out of a consumer price for electricity of between SKr 0.3 and 0.4/kWH at 1987 prices.)

Sweden takes complete responsibility for the management and disposal, within its borders and without reprocessing, of all radioactive wastes produced by its nuclear power programme. Following a referendum in which the majority voted against nuclear power, the Government decided to close all 12 plants by 2010. This means SKB can estimate reasonably accurately the amount of waste to be disposed of from the reactors' operation and decommissioning.

In the first phase, the repository will take 60,000 cu m of waste. In the second phase, one or two extra vaults and a silo will be built to deal with a further 30,000 cu m.

The site takes waste that will remain significantly radioactive for a faw hundred years, but which does not require cooling. High-level waste, for example spent nuclear fuel, is long-lived, highly radioactive and very hot. This is sent to a central interim storage facility south of Stockholm, where it will be held until a permanent facility is built.

Sweden's nuclear power stations are all close to the sea and wastes are taken to the disposal sites on the SKB's ship, the M/S Sigyn. Designed in Sweden but built in France, this is a twin-screw roll-on/roll-off ship with a double hull and bottom and several watertight bulkheads. It has two independent propulsion systems and three electricity generators, each capable of supplying the ship's needs, plus special shielding around the cargo hold.

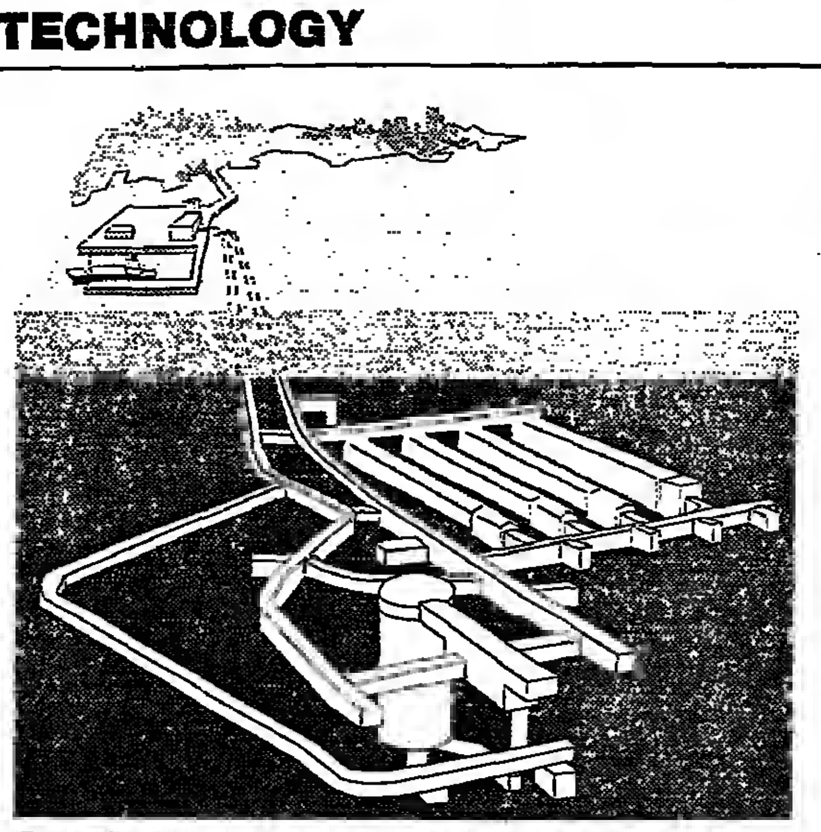
Before the voyage from reactor to repository, the waste is packaged for disposal. Low-level waste, such as clothing, is compacted and packed into steel drums. These are transported in ordinary steel containers by ship or road to Forsmark.

Some low-level waste is incinerated at the Studsvik research station, which also collects radioactive debris from industrial and medical sources. The ash is mixed in concrete and locked in steel drums.

Intermediate waste, largely filter and ion exchange resins used to purify water from the reactor, is mixed with concrete or asphalt and bound in concrete or steel drums. These are loaded into a special steel container, with an extension skirt on either side. This is carried by ship to Forsmark and then lifted on to a lorry, which takes the container underground.

The site at Forsmark looks like something from the set of a James Bond film. Twin tunnels, about 1 km long, run from the surface down to four 160-metre-long vaults and a 50-metre-high concrete silo.

The roof of the underground structures is at least 50 m below the sea bed. One vault takes very low level waste which comes in ordinary containers, is handled by fork-lift trucks and requires no special shielding.



Forsmark phase one, designed to take 60,000 cu m of nuclear waste

The other three take intermediate waste with relatively low activity. At the entrance to each is a chamber where the containers are unloaded behind radiation shields.

When the doors open and you enter these vaults, the first thing that hits you is the smell – rotten fish. Nothing to worry about, according to Arthur Monsen, operations manager at the repository. He is reassuring about there being no radioactivity leaking out and stresses how carefully the containers and air are monitored.

Once the truck has deposited a container and been driven away, the doors close and laser sights fix the position of the container. This allows a computer-controlled crane to remove the lid and take the contents to a pre-allocated place in one of the pits. All the operations are handled from a control room in the underground cavero.

The waste packages in concrete moulds and steel drums are grouted with concrete during deposition or covered with concrete planks.

The more radioactive waste, mainly filter resins, goes to the 50-metre-high concrete silo, contained in a 30-metre-diameter, cylindrical cavern in the rock. The silo is divided into 96 vertical pits.

After a layer of waste packages has been placed in the pit, a layer of concrete is poured round it to fill up the spaces. This process will be repeated until the pit is full.

The facility is designed to prevent radioactive materials escaping into the environment in harmful quantities after the site is sealed, the pumps switched off and the cavern flooded.

The rock itself is an important natural barrier. The silo, which contains about 90 per cent of the radioactivity at the repository, has the greatest number of engineered barriers, including a one-metre thick concrete wall. The space between the concrete silo and the cavern has been filled with bentonite clay, which swells when wet. The base was back filled and the top will be covered to form an impermeable barrier once the repository is flooded.

Finally, the local sea and rock characteristics mean that there is a low rate of groundwater flow. Brackish water above the repository will discourage future generations from drilling wells in the area, even after the sea bed is exposed in 1,000 years or so as the land rises.

Speaking of the repository, Sten Bjurstrom says: "It has been described as the Rolls-Royce of waste disposal, but compared with the price of electricity it's just nothing and in relation to having a facility in operation that is looked on as being safe by the authorities and the people, I think it is not expensive."

# Catalytic approach to burning natural gas

**By Michael Swiss**

AS A FUEL, natural gas offers several benefits, among them freedom from sulphur dioxide in the combustion products and a relatively low level of carbon dioxide emission.

However, the problem of Nox (nitrogen oxides) remains in the flue gases. These emissions can be reduced by lowering the combustion temperature, as achieved in catalytic burners developed by Gaz de France (GDF), the French gas supply enterprise.

Catalytic devices for the combustion of other hydrocarbon gases – propane, butane or their commercial mixture – have been marketed for several years, but methane presented considerable problems.

Natural gas has methane as its almost exclusive constituent. GDF has developed catalytic burners for methane in the form of tubes which radiate heat without a flame. The catalyst, which is not expensive because only a small amount of platinum is needed, is applied as a coat on a ceramic surface. To make all the heat available, the combustor includes a variety of recovery devices.

One of the devices developed by GDF's research centre involves the use of Carborundum cones, which allow rapid gas flow rates and hence high combustion rates and high heat output. If located on a hot-house ceiling, the cones direct the hot gases downwards. The heat-retaining properties of carbon dioxide also prove useful to the growers.

In a device for paint drying, the flow of hot air is directed horizontally at the newly painted articles.

If the main requirement is for radiant heat, large non-focusing reflectors can be installed on a ceiling.

The versatility of the devices allows them to be used in equipment for the production of VMC gas. (VMC stands for mechanically controlled ventilation.) Furnaces which operate in this manner, picking up extra moisture or reducing their vapour content according to seasonal requirements, can be incorporated in central heating systems.

# A quest for the bright, co-operative robot

Bryan Lindley has landed the kind of job that makes schoolboys drool. He has been asked to invent a new generation of robots, more intelligent and adventurous than today's robotic factory workers, one that could boldly go where no human would want to.

His target is the kind of robot bright enough to co-operate with other robots, or to work harmoniously with people because, as he says, "we're actually pretty clever at doing certain things." One idea is a robot that will mimic a surgeon's dexterity on a much smaller scale, enabling him or her to perform operations too fine for fingers.

Lindley is chief executive of the National Advanced Robotics Research Centre, set up by the Government and industry on the campus of Salford University, near Manchester. It expects to spend up to £50m over the next five years, of which up to £20m will come from the Government.

The idea of the centre was conceived by the Department of Trade and Industry in the mid-1980s, after the 1982 Economic Summit had identified advanced robotics as an important technology for the future. Ten UK organisations competed to host the research centre, which was promised substantial government support for its first five years.

The successful bidder was a subsidiary of the university called Salford University Business Services. It proposed a limited company owned by a group of industrial shareholders to manage the centre, with the aim of making it commercially viable before the government assistance ran out.

Advanced Robotics Research Limited (ARRL), which owns the centre, was formed a year ago. It has 11 industrial shareholders and the freedom to place contracts outside.

Research started early this year and part of the scheme is that each shareholding company shall second a researcher to the centre, transferring both talent and corporate technology. The nominal value placed on this initial technology transfer is £70,000 apiece.

It is a management experiment, a new way of tackling the perennial British problem of technology transfer, says Professor John Ashworth, Salford's vice chancellor. "We sat round and said, if it's true that we're good at research but not good at development, it must be a statement about managerial competence. So it needed a managerial solution."

Bryan Lindley, 56, is a mechanical engineer with experience that includes designing an experiment in plasma physics in the 1960s, running a research association in the 1970s and directing R&D for two engineering groups, Dunlop and BICC, in the 1980s.

At Dunlop, he was involved with advanced robotics through an £19m R&D investment in a process for making tyres "as a precision engineering product," to a specific size, weight and distribution of the reinforcement. Dunlop's new owners (BTR) sold the process to Goodyear.

Lindley, hired in January, has spent part of this year in Japan studying robotics. He found one with eyes and fingers that could read music and play the organ – "in a fairly soulless way." Another could climb, spider-like, up the wall of a skyscraper.

He says that the Japanese are obsessed with putting anthropomorphic features, such as arms and legs, on their robots; as indeed are some of the more highly publicised western "roboteers".

He is convinced that there are usually simpler ways of providing such functions as locomotion. He also thinks that there is little market potential for some popular concepts, such as robotic butlers and bed-makers.

The goal of the centre, laid down in its business plan, is to develop a family of engineering modules of advanced performance, that the shareholding companies will be able to use, Meccano-like, to assemble their own robotic systems. "The whole thing is industry driven," Lindley stresses.

His shareholders include British Nuclear Fuels which needs robots that will work in a highly radioactive environment, VSEL which wants robots to help build nuclear submarines, and Taylor Hitec, which has only 200 people but is the leading British maker of robots.

The idea is that the modules will be available quickly so that shareholders can incorporate them in their designs, giving for instance a higher level of intelligence or an extra degree of freedom, such as mobility for a pick-and-place robot. It has identified 10 of these modules for demonstration over the next four years.

To add impetus to the development of the modules, the centre will also design and build several demonstrator robots of its own. From a series of feasibility studies of the potential of various market sectors for advanced robots, commissioned by the DTI in the mid-1980s, it has identified three robotic systems which it believes will find a market.

One is an intelligent robot that could work in a hostile environment, for example amid high radioactivity. Another is a friendly robot that will work alongside people or other robots, for instance to weld the hull of a submarine. The third is an advanced mobile platform for robotic manipulators.

The point of the robotics centre, says Ashworth, is not whether it does good R&D, but how much of its R&D gets picked up by British industry, and how quickly. "It's a managerial experiment and we need a lot more of them."

David Fishlock

## TECHNOLOGY MARKET

## TELEVISION

# All a question of taste

In November 1980 the following paragraph appeared in this column: "The programme I have been awaiting most anxiously for four weeks simply has not appeared. It seems that *Boom Boom Out Go The Lights* must have been a one-off which is most regrettable since it featured a whole collection of startling young night club performers who stand in relation to *The Comedians* as Hot Gossip to The Tiller Girls. Alexei Sayle's punk-chat parody "Allo John, Gotta New Motor?" was hilarious. The quicker the whole crowd is brought back, the better."

The other members of the crowd were Rik Mayall, Adrian Edmondson, Nigel Planer and Keith Allen. (So much, incidentally, for the persistent assertion that "The critics always get it wrong, don't forget they sneered at Picasso and Mozart." Latterday point-scorers never bother to quote the critics who got it right . . . which is why we have to do it for ourselves.)

Sean O'Kane and Annabel Croft in "Interceptor"

Though Mayall, Edmondson and Planer may have gone on more quickly to greater fame, I still think that Sayle is the true original in this bunch, and the repeat of *Alexei Sayle's Stuff* is confirming this. Though his stock in trade certainly includes determination to épater les bourgeois, like other "alternative" comedians, Sayle has unique quirks: his use of trade names (the sneer he gets into "Weetabix" has to be heard to be believed) and his preoccupation with political totalitarians from Mussolini to Stalin, for instance. But above all he is a true iconoclast with real courage, as willing to ridicule the shibboleths of the working class as those of the Tory cabinet. "People often theorise about why the music hall died out. I'll tell you why it died out: because it was *crap*" he declares with passion, and then illustrates exactly what he means.

What sets Sayle aside from other members of his generation is that he is not like anybody else.

★

Chairmen and Directors General come and go, as do channel controllers and heads of drama, and not one of them, it seems, ever wavers in the belief that violence, the infliction of pain, and above all murder, are suitable subjects for entertainment. And not merely suitable, but just about the best subjects that can be found. Sex, which most sane viewers identify with pleasure, is "dirty" and quite unsuitable; violent assault on men, women and even children is, by contrast "clean" and acceptable.

In the past couple of weeks I have watched the 3 hour 10 minute mini-series *Muder Ordained* on BBC1, a true and peculiarly nasty story of an American clergyman (Christian, of course) who conspired with his mistress to kill their respective partners. I have watched *Shadow Of The Cobra*, a 3 hour 5 minute mini-series produced by Zenith and screened by BBC1, described as the "chilling" true story of a psychopathic mass murderer. The television drama spent too much time on a tedious account of the journalists who wrote a book about Sobhraj, but murder and torture were still the *raisons d'être*.

I have watched all four hours of *Echoes In The Darkness* which began on BBC1 last night and will be concluded tonight; another very nasty story of the killing of a woman and her two young children. In this instance there was a gaping hole where the motive of one of the two murderers should have been, but the plot was quite horrible enough without it.

What dark and twisted strand in human nature is it that makes murder into wholesome and acceptable entertainment and sex into something filthy and unacceptable?

★

If we must have soap opera, then BBC1's Sunday evening effort *Chelworth* is the best sort to have: full of chinless wonders, eccentrics, sharks and shysters. Will the black sheep belted earl see off the noovo gravel pit types? My prediction is heartache on both sides in the medium term, with a points win for the aristos at the end.

★

Speaking of class, could it be that the reason the British middle class intelligentsia (especially that liberal, leftish section involved in publishing, education and the arts) loathes television is because the medium reveals what the mass of the people is really like? Throughout the 19th century and during the first half of the 20th, it was possible, and very fashionable, for left wing intellectuals to idealise the working man and entertain a "noble savage" theory of the working class. What television reveals so vividly and bleakly is that the tastes of the mass audience – unsurprisingly when you think about the Latin root of the word – are deeply vulgar.

Television shows how depressingly easy it is to get an entire studio audience screaming and punching the air at the sight of a barbecue set being given away as a prize. Television proves over and over again that what The People really like is Esther Rantzen delivering a little homily about the evils of child abuse and then giggling coyly as she holds up a carrot that looks like a penis. In all probability people have not changed. All that has changed is the ability of the chattering classes to see what the millions really like as distinct from what a misty eyed sentimentality once allowed them to imagine they liked.

★

The essential requirement of any game is that it be played *with dedication*: once you "play" at playing you are patronising the proceedings, like an adult grandly condescending to join in cowboys and Indians. Perhaps this is why the new ITV game show *Interceptor* is so uninteresting.

Made by Chatsworth, who produce *Treasure Hunt* under licence from the French originators, this one also involves people haring around the landscape, guided by remote control (well, by the ghastly tones of Annabel Croft, actually) with lots of helicopter activity. But this time the competitors are threatened by the eponymous interceptor who can lock their 1,000 prize in their backpacks with one shot from his infra-red device.

The trouble is that as soon as he gets in range of them, he makes his excuses and leaves. The whole thing might make sense if you had Royal Marine Commandos playing all out against the Parachute Regiment, but with a couple of members of the public (one far from enthusiastic in the opening episode) and "interceptor" Sean O'Kane prancing about like a panto demon, it just seems silly.

★

Conversely *The Great Picture Chase*, which sounded as though it might be an embarrassingly contrived vehicle for re-cycling outworn chat show guests, and whipping up a spot of viewer cupidity, turned out – in its first episode, anyway – to be both informative and compelling. The idea is that half a dozen "celebrities" are each given £500 taken from you licence fee and mine, and sent out to buy pictures for "The BBC Art Collection," whatever that may be.

Joan Collins proved to be an inspired choice, having a knowledge of French drawings, a firm idea of what she wanted, and a willingness to enter 100 per cent into the spirit of the thing. If David Puttnam looking for "collectable" photographs, Norman Rosenthal on the track of a Hockney, and the others, are as interesting as this, then *The Great Picture Chase* will be one of those rare series that manage to provide information, education and entertainment simultaneously to a mass audience.

★

How many other families have found it necessary to talk *loudly between programmes* when watching Channel 4 (and occasionally BBC2, especially before *M.A.S.H.*) in order to *avoid having every twist* in the plot of a mystery, every surprise in a movie, given away *by the announcers*? We have become so fed up with the mixture of portentousness, cleverdickery and ponderous jocularity adopted by the Channel 4 continuity staff that, unless we are determined to watch a particular programme, we now switch channels to avoid it.

**Christopher Dunkley**

# Spartacus

**COLISEUM**

Twenty-one years after it was first staged, Yury Grigorovich's *Spartacus* still holds its audience in the firmest grip. On Monday night, when the Bolshoy brought it into this season's repertory, the applause after the first two acts would have satisfied any lesser company as the closing plaudits for a gala; the final cheers were ringing into St. Martin's Lane long after curtain fall. That this was so is tribute to Grigorovich as creator of a massively *effective* spectacle, and as director of a troupe which holds nothing back in performance but seems utterly the servant of its choreography.

In 1968, *Spartacus* encapsulated a society's view of art as well as of its ideologies. For the expanses of Bolshoy stage, for the style and forces of the Bolshoy's company, for the company's identity within the Soviet scheme of things, *Spartacus* spoke potently and grandly of political and physical aspirations. Twenty years on, its virtues – of monumental power; of uncompromising faith in its implied doctrines; of huge yet controlled scale (like the best cinemascope adventures) – still convince us. Impossible not to accept its language and its values when they are presented to us with such burning commitment, such muscular pride. One may see in Grigorovich's *Ivan the Terrible* or *The Golden Age* more sophisticated, more intriguing statements about dance and about Soviet art – *Ivan* is a brave portrait of national unification through tyrany; *The Golden Age* a commentary on social tensions within the new Sovist state and upon popular art of its period – yet *Spartacus*, by its emotional and dynamic directness, wins an audience on the most immediate and enduring terms of a struggle between good and evil, with no half-measures, no indecisions.

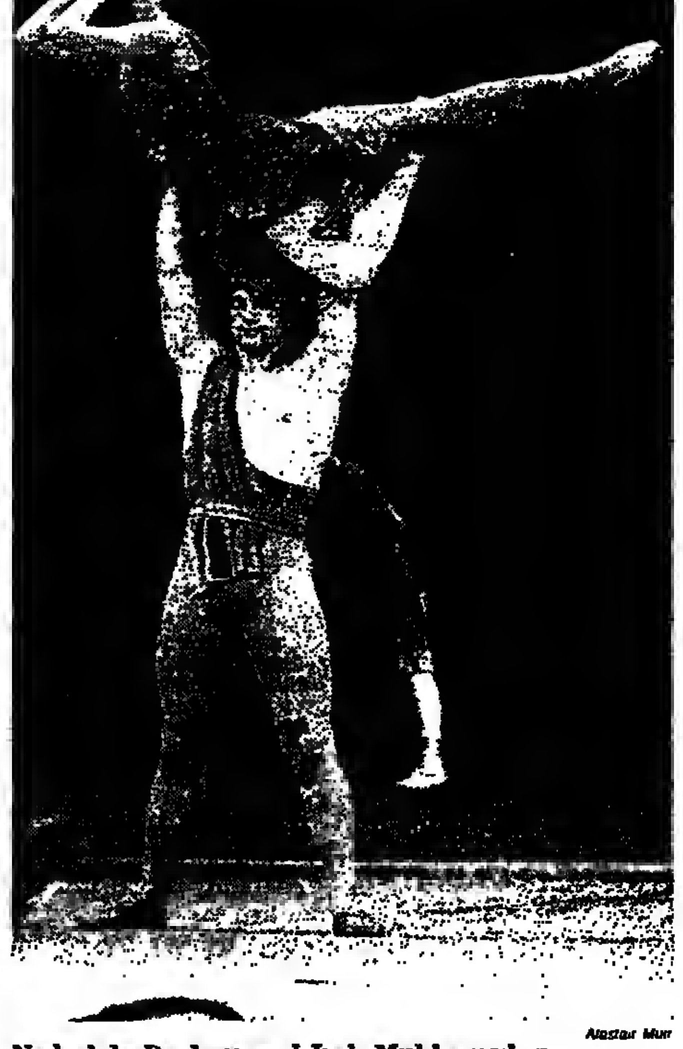
One might even say "with no subtleties" were it not for the generations of outstanding interpretation the ballet has inspired.

I yield to no-one in my admiration for the performances of Vladimir Vasiliev (vulnerable as Spartacus for all his physical magnificence) or Mikhail Lavrovsky (with whom the soul as well as the body spoke). With Irek Mukhamedov, who danced on Monday night, the role is given glorious technical realisation – those diagonals of leaps, by which Grigorovich exposes Spartacus' commanding attraction over the slaves, seeming a call to liberty as he took to the stratosphere – but also a rare purity of means. Small things, like a little jump, a simple pose, retain an academic discretion, a clarity, which bring a welcome refinement to the dance. And in the biggest *moments*, the *scale of* Mukhamedov's dancing, of his interpretation, reaches out beyond the theatre to the world. It is truly heroic dancing, in its impetus as in its largeness of form. Its is heroic, too, in its complete identification with the drama. Mukhamedov is a superb actor, as these columns have reported in such diverse roles as Albrecht, Ivan the Terrible, Boris in *The Golden Age*, Basilio, or the Sleeping Beauty's prince.

What can be seen to link these interpretations is an absence of mannerism, a selfless dignity in face of the role, and that humility which touches the work of the greatest performers. There are constants to all his readings which, on Monday, we admired in his Spartacus: *blazingly* legible features, dominated by Byzantine eyes; nobility of gesture, so that the least movement is *significant*; unerringly expressive identification with the character; a technique of tireless and unforced power. To these add the gentleness that made the intimate scenes with Phrygia so moving, and – like Mikhail Lavrovsky – the skill to show Spartacus' moments of self-doubt in the third act with heart-tearing clarity.

On any terms, even Mukhamedov's, his performance on Monday night touched extraordinary heights. We were privileged to see him. Fine interpretations, too, from the other principals: from Nadezhda Pavlova as a fragile, adoring Phrygia, with a light and ravishing jump; from Alexander Vetrov as a *Crassus* whose classic style seemed to concentrate his villainy; from Maria Bylova as a dominating Aegina; and from a company untiringly excellent.

**Clement Crisp**



Alastair Muir

Nadezhda Pavlova and Irek Mukhamedov

# Cult figure among the young at Avignon

Valère Novarina, unknown in Britain, has become a cult figure here in Avignon among the young. Several of his plays are being presented at this year's Festival. He has the impatience with conventional modes, the creative versatility, the mixed origins that somehow seem typical of a modern man of the theatre in France. Novarina is a Savoyard, whose parents are Swiss and Italian. He is the author of several collections of plays and monologues; also a painter and designer, an actor and director. One of his plays performed this year was both directed and designed by the author.

Novarina claims to be concerned to abolish the distinction between writing for the theatre and simply writing. He believes that the theatre is essentially direct utterance *(la parole)* rather than a dialogue consisting of exchanges within a structured dramatic situation. Hence, his interest in solo performances such as last year's *Discourse to the Animals*.

Novarina compensates an audience, who may lose concentration without a coherent narrative, with richness and violent language. His work is full of word-play, dialect, low-life speech, nonsense, lyricism and passages designed to be spoken at breakneck speed, making it fiendishly difficult to translate. But if Novarina is an absurdist, he an absurdist with a social conscience

I am told that the play I caught at this year's Festival, his *L'Atelier Volant*, which basically is a farce about industrial relations and dates from 1970, represents a style that Novarina has now largely outgrown; but it seemed to me both radical and original enough to stand out from other plays put on here from living playwrights who write in French.

It is directed at the Théâtre des Halles by Alain Timart, working with his own company, a *highly-disciplined* group, in a decor and costumes designed by the director. The result is an explosion of dramatic energy *perfectly* modulated to the author's intentions. The play shows a group of six employees working for their draconian employer in an alliance constantly strained to breaking point.

The dramatic model Novarina has devised for this investigation into the human aspects of shop-floor relations, banishes all solemnity from the subject in a mood of hilarious anarchy. The workers, three men and three women, are known only by the letters of the alphabet, their faces smeared with white paint. They confront their boss, his wife and the factory doctor, who appear squally to have strayed in from a performance of some Italian pantomime. The decor consists of a series of dead-white arches and a solid black backcloth highlighting the festive garishness of the costumes and the acrobatic antics of the performers with hypnotic intensity.

The only properties used during the entire evening are what seem to be white cardboard boxes of identical rectilinear shape like a massive pile of toy bricks. Some of these objects turn out to be solid blocks which may be used to give extra height to an actor when he has a long speech to declaim; others collapse when passed to and fro in simulation of the expensive ornaments on which the workers spend their wages. Half-way through the piece, these white boxes are neatly piled on top of each other to make an enormous wall.

It is a concept magnificent in its simplicity, providing the perfect neutral background for constant streams of non-sequitors on the nature of profit, linked between capital and labour in a modern economy that pour from the mouths of this talented troupe under their highly-creative director. In Novarina, we clearly have a major talent.

If the theatrical venues within Avignon have been fully occupied so havs those outside the city, on the Ile de la Barthelasse, where performances are now given and in that quarry at Boulbon, which Peter Brook *made famous*. This year, it is occupied by a show called Zingaro, devised and performed by a handsome cavalier, Bartabas, with a troupe of gypsy equestrians and musicians and a flock of geese, a turkey, a bullock and a dozen magnificent horses who are among the finest performing artists to be seen at this year's Festival. They prance around the ring, amazingly obedient to the crack of Bartabas's whip, as the moon comes up high above the cliffs of this superb natural arena.

Many of the productions of the Avignon Festival over the past few years, including *Hamlet*, *Le Soulier de Satin*, the *Mahabharata*, have been re-created for television and are put out by La Sept, a pan-European public service channel which began broadcasting in May. Programmes are available to anyone in Europe with a tuner and a dish. La Sept is currently involved in discussions with Channel 4 on joint programmes in the area of music.

**Anthony Curtis**

Scene from Valère Novarina's 'L'Atelier Volant'

## SALEROOM

# Record season announced

Sothehy'e and Christie's yesterday announced quite remarkable record sales figures for the 1988-89 season, which draws to a close this month. Sotheby's boosted its turnover by 57 per cent to £1.356b, while Christie's was 63 per cent higher at £1.041b.

Record price followed record price, record auction total followed record auction. Perhaps the best indication of the demand was the fact that Sotheby's sold 258 works for over $1m (as against 114 last season) while Christie'e achieved seven figure lots on 147 occasions as against 93 last year.

Again it was Impressionist and 20th century pictures which led the boom. On May 9 in New York Sotheby's set a record £123.4m from just one session, while over the season its sales of contemporary art (mainly American artists) rose by over 200 per cent to $195m. These two sectors account for over 40 per cent of Sotheby's and Christie's turnover.

Sothehy'e set the highest price of the season, £28.3m ($47.9m) paid for Picasso's self portrait "Yo Picasso." It also set a new high for a work by a living artist – the $17.1m (£9.4m) paid for "False start" by Jasper Johns.

Christie's broke ths £1b ($1.78b) barrier for the first time. The power house of its rise in turnover was New York, which soared ahead of London with sales of £519m ($888m), a gain of over 100 per cent. Its main achievements were a new record for an Old Master painting – $35.2m for Pontormo's portrait of a probable Medici Duke, which tripled the previous best in this area, and the $12.1m for an item of American furniture, a Nicholas Brown desk and bookcase which weot for four times more than any item of furniture at auction.

Christie's at King Street did well enough, with sales up 41 per cent at £338m, and in a few days this eummer set new records for a clock – a Tompion which made £880,000; an object of tribal art, a Benin bronze which sold for £1.32m; and jewellery in the UK: £1.87m for the Harcourt emeralds. In addition, William Beckford's commode set a record of £1.1m for English furniture while the £20.9m paid for a Picasso, "Acrobate et jeune Arlequin," was temporarily a record for this artist.

All the indications are that the boom will continue into the new season starting in October. Sotheby's expects to take in well over $100m from the collection of the late John T. Dorrance of Campbell Soups, while Christie's is enlarging its premises in London, Paris and Hoog Kong in expectation of increased trade in Europe after 1992 and in the Far East.

**Antony Thorncroft**

# Obituary: Martti Talvela

The Finnish bass Martti Talvela, who died on Saturday at the age of 54, was one of the most important Scandinavian singers to emerge this century.

After his Stockholm debut, in 1961, he went to Bayreuth, and thence to all the leading international opera houses, to take the Wagner and Mussorgsky bass roles for which his giant'e physique, gaunt, imposing stage presence, and darkly powerful, wide-ranging voice so aptly fitted him. He was also a Verdi and Mozart singer of renown, and a regular song-recitalist. His Covent Garden performances in *The Ring* and as Dosifey (in *Khovanshchina*) and Gurnemanz will not be quickly forgotten.

Talvela became director of the revived Savonlinna Festival in 1972, which coincided with the surge in world interest in that particular enterprise and in Finnish opera generally (the leading role of Kokkonen's *The Last Temptations* was written for him). In recent years Talvela's appearances outside Finland were considerably reduced because of the illness that dogged him, but recently it bad been announced that he was shortly to become one of the joint heads of the Finnish National Opera.

# ARTS GUIDE

July 21-27

THEATRE

**London**

**The Merchant of Venice** (Phoenix). Dustin Hoffman's Shylock a *sympathetic*, semaphore-gesturing alien in Peter Hall's fine Venetian Renaissance production, Geraldine James a superb Portia (836 2294).

**Much Ado About Nothing** (Strand). Alan Bates and Felicity Kendal lead strong ad hoc company in turnabout fortnightly rep with Chekhov's early, astringent Ivanov. Not to be despised (836 2660). Ends July 29.

**The Black Prince** (Aldwych). Ian McDiarmid gives the *performance of a lifetime* in Iris Murdoch's distillation of her own Hamlet novel. Witty black farce, vitriolic and entertaining (836 6404).

**Ghetto** (Olivier). Brilliant National Theatre version of Joshua Sobol's Israeli play about the last days of the Vilna ghetto *and its resident theatre company*. Moving and shocking. Nicholas Hytner directs, Bob Crowley designs, good music arranged by Jeremy Sams. Last night (928 2252).

**London International Festival of Theatre.** LIFT, the fifth biennial festival takes place all over *London* during *July*. The Comédie de Genève in Strindberg's *Miss Julie* at the Lyric Hammersmith is recommended (741 2311) in the last week of the month. More details on 240 2428.

**Anything Goes** (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs *and* Elaine Paige failing to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding summertime fare (734 8951, cc 836 2428).

**Single Spies** (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the *royal picture gallery*. *Clive* Francis plays Guy Burgess in a rehash of Bennett's fine TV film *An Englishman Abroad* (734 1166).

**M. Butterfly** (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" *dressed up in John Dexter's* superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

**Brigadoon** (Victoria Palace). 1947 Lerner and Loewe "heather-scented" *Scottish fairytale hit* is handsomely revived and well sung, less frail than expected (834 1317, cc 836 2428).

**Henceforward** (Vaudeville). Martin Jarvis and Joanna van Gyseghem in bleakly funny and experimental Alan Ayckbourn comedy of future shock and *strained marriage*. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).

**Aspects of Love** (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

**New York**

**Heidi Chronicles** (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6260).

**Lend Me a Tenor** (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic *hit* of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

**Shirley Valentine** (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a *Liverpool woman's* awakening in the Aegean Sea. Simon Callow again directs without smoothing any of the Northern English edges that retain an authentic touch.

**Jerome Robbins' Broadway** (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

**Rumours** (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with oumerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

**Cats** (Winter Garden). Still e sell-out, Trevor Nunn's production *of T.S. Eliot's children's* poetry set to music is visually startling (239 6262).

**A Chorus Line** (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

**Les Misérables** (Broadway). The magnificent spectacle of Victor *Hugo's majestic sweep of history* and pathos brings to Broadway lessons in pageantry and drama (239 6200).

**Me and My Girl** (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. (947 0033).

**M. Butterfly** (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

**Phantom of the Opera** (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

**Chicago**

**A Funny Thing Happened on the Way to the Forum** (Goodman). Stephen Sondheim's most popular musical, for which he wrote both music and lyrics, stars Louis DiCrescenzo as Pseudolus in Burt Shevelove and Larry Gelbart's adaptation of Plautus. Ends Aug 6.

**Driving Miss Daisy** (Briar Street). The touching relationship between a dowager, played *in this production by Dorothy* London, and her black chauffeur exposes the changes in the South over the past *several* decades (348 4000).

**Steel Magnolias** (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

**Les Misérables** (Auditorium). The international spectacle has settled in for a long stay by the *Great Lakes* (922 2110).

**Tokyo**

**Kabuki.** *Both the* matinee and evening performances at Kabuki-za (541 3131) feature the prodigious Ishikawa Ennosuke, whose barnstorming acting style, spectacular aerial stunts and costume quick-changes have attracted a younger audience to kabuki.

**Alice.** Kan'i Hoken Hall, Gotanda (498 7556) The Lindsay Kemp Company from Britain has a reputation for outrageousness, but this adaptation of Lewis Carroll *is said to be suitable for* both adults and children. Kemp himself plays Carroll. Last night.

**Les Misérables.** (Imperial Theatre) Strongly-cast revival (in Japanese) of the stirring musical of the storming of the Paris barricades (201 7777).

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
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Wednesday July 26 1989

# Tight restraint on spending

CONTROLLING public expenditure is immensely difficult, as well as important. The private sector can be regulated by the invisible hand; for the public sector it has to be the Treasury's visible fist. What is remarkable is how successful the Treasury has been in recent years.

From decisions announced just two weeks ago one can expect more of the same. In the coming public expenditure round, the attempt will be made to keep within the plans for 1990-91 announced last autumn. Mr John Major has left his successor as Chief Secretary to the Treasury, Mr Norman Lamont, no easy task.

At the time of last year's Autumn Statement, the increase in the Government's favoured indicator of inflation (the deflator for gross domestic product) for 1990-91 over 1989-90 was forecast at 3½ per cent. In the Budget, the forecast was up to 4 per cent, but it now seems likely to be 5½ per cent or even more. "Real" public expenditure (excluding privatisation receipts and debt interest payments) would then rise by no more than 1½ per cent, as against the 3.6 per cent shown last autumn.

It appears, however, that the annual inflation rate in general government final consumption runs at almost 1¼ percentage points more than in the economy as a whole. This being so, the volume of public expenditure is set to remain static between 1989/90 and 1990/91.

## Little change

This would represent little change from the recent past. Under the present Government, public expenditure peaked as a share of GDP in 1982-83 at 46¾ per cent. Remarkably, the ratio fell to 39½ per cent by 1988-89 and is expected to go on falling. It is now 9 percentage points lower than at the peacetime peak reached in 1975-76.

Over the six years, 1982-83 to 1988-89, public spending in real terms, even on the Government's calculations, rose by a mere 5 per cent. Once a more plausible deflator is used, the claimed real increase disappears.

Should this remarkable stringency be continued? Before leaving the Treasury, Mr Major made a speech arguing that a budget surplus – and so stringent control of public expenditure – was necessary to control inflation. More fundamentally, he argued that "we now need to maintain our policy of restraint in public expenditure in order to produce a sustained reduction in the burden that taxes impose on wealth creating activities."

The first argument is unpersuasive. There has been a noticeable increase to inflationary pressure, notwithstanding public expenditure restraint and an improving fiscal position, the problem being spending in the private sector. Even if prudence does require a large fiscal surplus, that can be secured with higher expenditure and taxation. The second argument, too, is weak. Do education, training or public transport impose burdens on wealth creating activities? Are theme parks and casinos more valuable than schools and roads?

## Key services

A more valid objection might be to the disincentive created by taxation. For the present Government, one might suppose that the solution to this problem would be to privatise the key services or at least substantially increase the inflow of private resources. But they remain in the public sector precisely because they are too politically sensitive to be left to private provision. It is strange to respond to that national consensus by starving them of resources.

Starved is what they have been. According to the Government's own calculations, expenditure in real terms on the Department of Transport fell by 18 per cent between 1982-83 and 1988-89; that on the Department of Education and Science rose by 9 per cent; and that on the Department of Health rose by 17 per cent. On the basis of more appropriate deflators, the volume of provision fell very sharply in transport, stagnated in education and rose quite modestly in health. Even in supposed priority areas, like education and health, expenditures were lower as a share of GDP last financial year than in 1982-83.

The political system of the UK gives a government extraordinary power. But the power is not unlimited. The Government has been unable to privatise its obligations in health, education or transport, let alone abolish the welfare state. As a result, the UK is getting the worst of both worlds. Key obligations of the state are too sensitive to privatise and too burdensome to meet.

# Arms sales to Iran and Iraq

ONE YEAR ago this week, the guns began to fall silent along the Iran-Iraq frontier after nearly eight years of war. The United Nations Security Council congratulated itself on having persuaded Iran belatedly to accept a ceasefire and the great powers set about trying to bring the two belligerents together for talks.

After several fruitless rounds of negotiation, Iran and Iraq are no closer to peace. They have not even signed a formal truce agreement and have been unable to agree on the most minimal confidence-building measures such as an exchange of prisoners-of-war.

Outside powers, preoccupied with commercial opportunities in Iran, Iraq or both, have all but forgotten about the UN mediation effort. Far from taking concrete steps to push the peace process along, some of them are looking for ways of boosting weapons sales. In a region which could easily fall prey to a dangerous new arms race, this is a triumph of marketing over political good sense.

## Top priority

The issue of arms sales to the Gulf combatants is almost bound to loom large in western and eastern chancelleries in coming months. Understandably after such a destructive war, both Tehran and Baghdad are treating military re-equipment as a top priority. The Iraqis are seeking to boost their own arms industry by luring foreign companies into military joint ventures. The Iranians have already made clear that they expect defence sales to form an important element of new relationships they strike up with foreign powers.

The potential has, of course, not escaped the world's arms manufacturers. The Soviet Union, having signed a wide-ranging co-operation agreement with Iran last month, is positioning itself to be a major supplier to both sides. France was deeply involved in the Iraqi market during the war and probably expects to become even more so.

Now, as a relative newcomer, British Aerospace wants UK Government approval for the possible sale of a sizeable number of Hawk trainer jets to Baghdad. Such a move would require, to say the least, a liberal interpretation of existing British guidelines on the export of military equipment to the two belligerents. At a time like this, it is a decision that would send all the wrong signals.

## Regional stability

Those governments permitting the open sale of war material to Iran or Iraq are conveniently forgetting how dangerous to regional stability the conflict between the two countries seemed until little more than a year ago. Given its legacy of bitterness, almost any arms sale to either side – whether of offensive, defensive or training equipment – can only serve to whet the appetite of the other.

Britain and other permanent members of the Security Council would be performing much more of a service to the region if they devoted fresh thought to ways of advancing the peace talks. At present, the negotiations are an intractable mess. Iranian and Iraqi officials have yet to look each other in the eye, let alone move beyond their entrenched opening positions. Iran will not agree to anything unless Iraq first withdraws from its territory; Iraq will not pull out unless Iran agrees to arrangements to reopen the Shatt al-Arab waterway; the two of them remain at odds concerning sovereignty over the Shatt.

Without the political will on both sides to move forward, it is admittedly hard to see how outsiders can cut through this tangle. But as Iraq and Iran focus attention on rebuilding their civilian economies, there is a chance that the desire for a settlement – as opposed to a state of no-war, no-peace – may also grow. Western countries should at the very least endeavour not to disrupt this process by rekindling the arms race.

## Barry Riley on the significance of the resignations at NatWest

# The high price of banking error

The Old Lady was looking for a "proper response". Yesterday, the Bank of England may even have got more than it bargained for when four National Westminster Bank directors resigned in the wake of the Blue Arrow scandals.

Lord Boardman, the chairman, aged 70, will go at the end of September, three months sooner than he planned. Three others carrying more direct responsibility for the irregularities at County NatWest, the group's investment banking subsidiary, Mr Charles Green, Mr Terry Green and Mr John Plastow, will clear their desks more quickly.

Lord Boardman's final suggestion that "there had been no requirement by the Bank of England for these resignations," was no doubt literally true, in that there was no list of names. But it can hardly be described as a complete account of the Bank of England's position. The Bank made plain that it wanted to see a proper response to criticism to order to maintain high standards in the banking system.

One of the strange ironies is that the Governor of the Bank of England, Mr Robin Leigh-Pemberton, is an ex chairman of NatWest – Lord Boardman's predecessor, in fact. Is the Governor being too harsh in order to avoid accusations of favouritism?

The resignations will tear a terrible hole in NatWest's top management structure. Not even as large a bank as this will be able to replace such experience at all easily. Already, Big Bang and the Blue Arrow involvement have cost the bank immense amounts of money. Now, shock waves will reverberate throughout the organisation as staff and customers react to the departure of the chairman and top executives.

The disciplining of such senior and respected bankers will serve to sustain the principle that those who accept responsibility must pay the price when things go badly wrong. It will send shivers of apprehension through boardrooms and executive suites throughout the City of London and beyond. From now on, compliance with laws and regulations will be taken a lot more seriously. Although business ethics may have been treated rather casually in some quarters to the past, self-preservation is a powerful motive.

But this justice is rough in the extreme. Much of the behaviour exposed last week in the Department of Trade inspectors' report on the Blue Arrow affair must have been fairly typical of the more aggressive securities groups. It was bad luck that the three executive directors were exposed in an affair that might never have attracted public scrutiny but for the sheer accident that the stock market crash occurred a few weeks after the Blue Arrow rights issue. The alleged sins of the three executive directors were largely of omission: they failed, according to the inspectors, to ask the questions or make the independent checks that they should have done. But they were career clearing bankers, with little knowledge of the peculiar business practices in corporate dealmaking and institutional stockbroking. Ignorance can be no excuse, but should they ever have been placed in what turned out to be an impossible position?

In his letter to Mr Leigh-Pemberton yesterday, Lord Boardman was bitter about inconsistencies in the inspectors' report, and claimed that their account of crucial meetings was "inaccurate in some respects and unfair in its conclusions." As for the three executive directors, he said that the report "in no way impugns their honesty."

In the circumstances, it is hard to avoid the suspicion that the Bank of England's eagerness to see boardroom blood spilt at NatWest partly derives from a wish to distract attention from its own responsibilities. Not that the Bank's officials could have done very much in the specific circumstances of the Blue Arrow affair. But the Bank of England has assumed the overall dual role of regulator and departmental sponsor for the City of London. It must therefore be very worried about the possibility that the investigation of County NatWest revealed not just individual but systemic inadequacies.

It is only four years since the Bank of England ran into serious political trouble over its own failure to prevent the collapse of a bank, Johnson Matthey Bankers. Banking supervision has been greatly tightened up since then. But now, policies for the securities markets must be re-examined too.

A powerful theme of Bank of England strategy during the past 10 years has been the opening up of the London securities market and the development of the City as one of the three top centres of the global financial industry. The Stock Exchange's Big Bang restructuring in 1986 was a key event, allowing the commercial banks to buy their way into what had previously been a closed club, and the Bank of England promoted the formation of powerful, diversified British securities groups which could become global players to rival the big American investment banks. NatWest sought to build up one of these, but its ambition has led it deeper and deeper into trouble. The bank is saying nothing for the time being, but it would not be surprising if there were internal voices arguing that NatWest should cut its losses and concentrate on the businesses it understands.

Another central theme has been that of self-regulation. The Bank has traditionally promoted self-regulatory bodies, and these have been given an important role in the new structure imposed under the Financial Services Act. It is true that the new investment watchdog body, the Securities and Investments Board, and its subordinate self-regulatory organisations such as The Securities Association, which authorises NatWest's securities market subsidiaries, did not gain their full powers until some nine months after the Blue Arrow affair. But some of the new regulatory procedures, such as the use of in-house compliance officers, were in place, and their ineffectiveness must be a source of considerable concern.

There is now an urgent need for an assessment of how general the problems are, or whether National Westminster has been particularly badly run. This is another irony, because in the early 1980s NatWest surpassed Barclays to become Britain's biggest and best-managed bank. Now, NatWest is struggling, and it must re-examine its approach.

The internal management structure of the bank in fact became the subject of private controversy last year when the board began to consider who should succeed Lord Boardman as chairman. The directors debated the candidacy of Sir Peter Walters, chairman of BP and, at that stage, a deputy chairman of NatWest.

But Sir Peter insisted on tough conditions. He wanted to carve up the unwieldy 31-member board, consisting mostly of non-executives, and install something more like an industrial management structure. The directors jibbed at this, and Sir Peter exited. The board eventually settled for the apparently more amenable prospect of Lord Alexander, continuing the tradition of barrister chairmen. He will now take over on October 1, three months earlier than expected.

As something of a Bank of England protégé, Lord Alexander comes with excellent credentials. But he has never managed a company, let alone a bank, and there must be grave doubts whether at this critical stage NatWest will thrive under another amateur chairman. Professional bankers now rule elsewhere, with Sir Kit McMahon in charge at Midland, Sir Jeremy Morse at Lloyds and Mr John Quinton at Barclays, which has recently acquired a new lease of life.

The canny Sir Jeremy only ever dipped a big toe into the securities business, before withdrawing it, and Midland, burdened by other troubles, pulled out soon after Big Bang. Barclays, on the other hand, plunged in even more deeply than NatWest, with the creation of Barclays de Zoete Wedd. But it seems to have asserted tighter control than NatWest, and it claims there is much more investment banking experience on its main board.

Certainly, other banks can gain scant comfort from NatWest's predicament. The risks are highlighted for everybody. Meanwhile the regulators at the Bank of England and the SIB must reconsider their approach to the authorisation of firms and individuals. They have already placed great emphasis on whether responsible directors, as well as practitioners, could be regarded as "fit and proper", but they may now have to use more specialised criteria. The unfortunate cases of Messrs Green, Green and Plastow show that integrity and general experience may not be enough when it comes to coping with critical circumstances in handling takeover bids or capital issues.

The other side of this coin is that financial executives are likely to become much more careful about accepting responsibilities, if minor mistakes or omissions could lead to public disgrace. At corporate level, this must show itself in a generally greater reluctance for companies to diversify into sensitive businesses where they have no internal expertise."

The Blue Arrow affair has been brewing for many months. In one sense, it will be a relief to National Westminster Bank that the worst is now over and it can begin to build for the future again under a new chairman. But the cost to the bank's pride has been shocking – and it still faces the threat of civil action if investors in Blue Arrow seek to recoup some of their losses.

In the City yesterday there were rumblings of complaint that the authorities have over-reacted. DTI inspectors' reports provide erratic justice at the best of times. Should not the Bank of England have been more protective towards one of the UK's great financial institutions which had basically good intentions but suffered from bad execution?

July 25, 1989, however, was a day when the buck stopped at the chairman's desk.

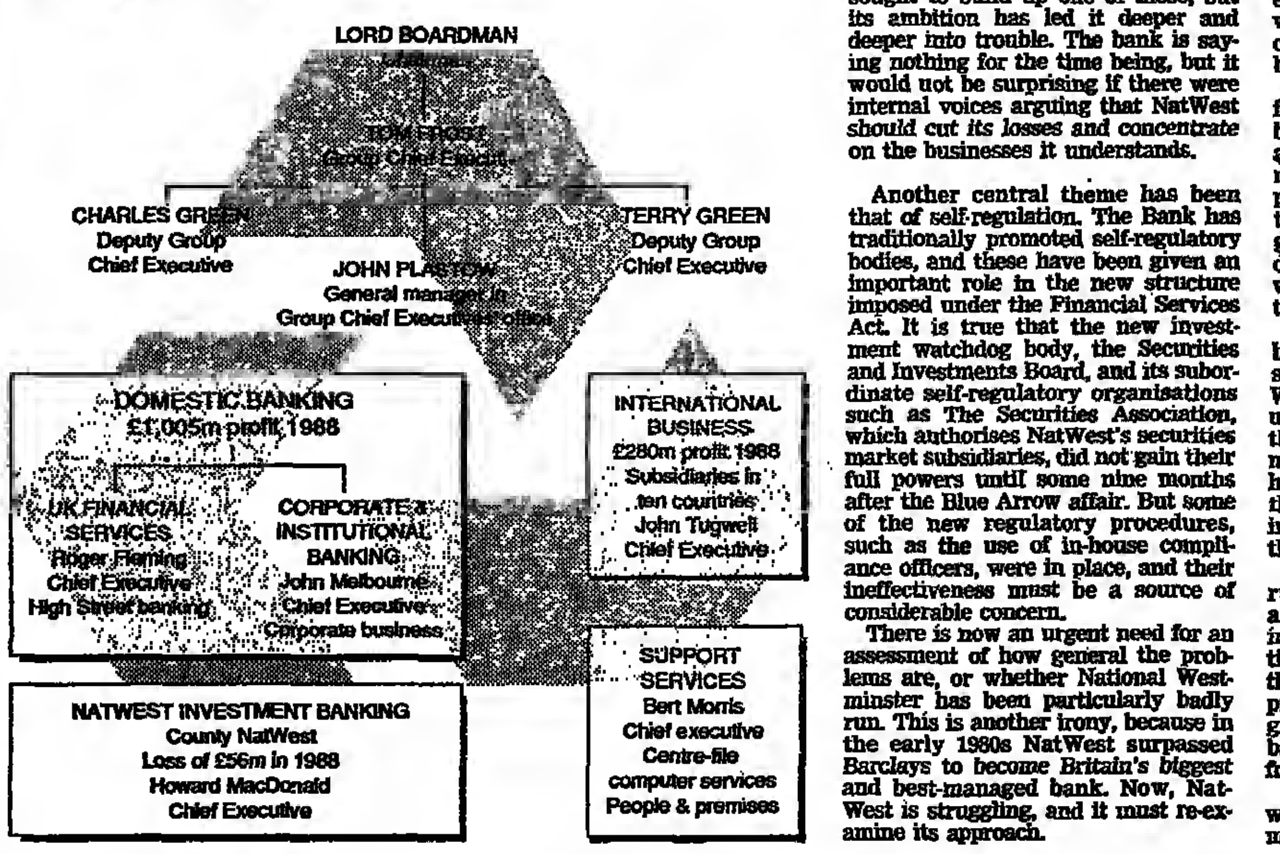
● LORD BOARDMAN, 70, a former Industry Minister and Chief Secretary to the Treasury, was due to step down as NatWest's chairman at the end of this year. He was not directly involved to the Blue Arrow affair and was to Washington at a meeting of the International Monetary Fund during the crucial period. He became NatWest chairman in 1983 when Robin Leigh-Pemberton was appointed Governor of the Bank of England.

● CHARLES GREEN, 58, a director since 1982 and deputy chief executive since 1986, joined NatWest 43 years ago. He joined the board as the bank's first finance director. Mr Green told the DTI inspectors that he had at a crucial moment asked Nicholas Wells and David Reed if they had taken legal advice about whether the bank was covered by the market makers' exemption from disclosing its holding of Blue Arrow shares, and was assured on this point.

● JOHN PLASTOW, 59, joined the bank while still in his teens and has held a range of jobs, the latest being director of related banking services. He managed NatWest's entry into the investment banking business and is the NatWest director put most directly into the firing line by the DTI. Mr Reed claimed that he had permission from Mr Plastow to go ahead with a placing of the Blue Arrow shares not taken up in the disastrous rights issue.

● TERRY GREEN, 55, a deputy chief executive since 1987, joined up at the age of 16. He was cast into the thick of County's problems in February 1988 when the investment bank's chairman and chief executive resigned. Always intended to be a stop-gap, be stepped aside when County found a new chief executive in John Macdonald at the start of this year.

NatWest structure



# OBSERVER

## Moscow and London

■ There is a terrible mix-up in Anglo-Soviet relations. Both sides have been seeking to put them together again since the tit-for-tat expulsions of diplomats and journalists in May. Yet every time they try, something else goes wrong.

Lord Young went to Leningrad, Kiev and Moscow for top-level trade talks with Vladimir Kamentsev, the Soviet Deputy Premier responsible for foreign economic relations, when Young was still Secretary of State for Trade and Industry. Kamentsev was dumped from his job by the Supreme Soviet for "nepotism and sloppy work" the next week.

Moscow tried to make up for it by sending Alexandra Biryukova, the only woman in the Politburo, and herself a Deputy Premier in charge of social affairs, to London this week for talks with Lord Young. They found that he, too, had left office.

Now there is General Dmitri Yazov, the Soviet Defence Minister, who was keen to play his part in papering over the Anglo-Soviet cracks. He came to London this week expecting to see George Younger at the Defence Ministry and Sir Geoffrey Howe at the Foreign Office, only to find that one had been replaced by a King and the other by a Major.

In Moscow, however, negotiations between the British Embassy and the Soviet Foreign Ministry on cutting the numbers of Soviet employees at the Embassy – as part of the tit-for-tat battle – are dragging on interminably. Both sides seem happy to keep it that way.

## Too long

■ My own view of Mrs Thatcher in the 11th year of her premiership is very simple: she has stayed too long. She should have gone about a year ago. That does not mean that she is a less good Prime Minister than she used to be. Nor is it a great criticism. Almost everybody does it. De Gaulle did it in France; Ronald Reagan would have run for a third term in the US, if the constitution had allowed him to. It does not necessarily mean either that she will lose the next general election, though the odds must be changing. But it does mean that the chances of her going gracefully, of her own accord and at the height of her reputation are receding.

As for the reshuffle, it is hard to believe that if she did not get on with Sir Geoffrey Howe as her Foreign Secretary, which she did not, she will get on any better with him as her deputy. It is also unlikely that this is the last big reshuffle before the general election. The posts of Home Secretary and Chancellor remain unchanged. That suggests that speculation about the future of Douglas Hurd and Nigel Lawson will be rife again well within the next 12 months.

Will Sir Geoffrey be given the Star Chamber – the task of adjudicating between departments on public expenditure? That could be an acid test of the new relationship.

## Belgian bikes

■ Never make mistakes about Belgians and bicycles. It was quite wrong to state, as Observer did yesterday, that only one Belgian had ever won the Tour de France. In fact, the country has had 18 victories since the event began in 1903, including five by Eddy Merckx. There were five Belgian wins in a row between 1919-1922 and another four between 1926-1939. After the series of Merckx triumphs, the last Belgian winner was Lucien Van Impe in 1976.

A lot of Belgians have pointed this out to us, and we apologise, though even they seem to quarrel about the figures between the French and Dutch speaking communities. One of them comments: "I think the British know as much about cycling as the Belgians do about cricket."

"Let's hope we can go on meeting like this, darling."

## Too tough

■ Rudolph Giuliani's campaign for mayor of New York is in trouble. The former Manhattan prosecutor, who made his reputation locking up Wall Street insider dealers, has shunted aside three campaign advisers and recruited the controversial, if talented Roger Ailes, President Bush's media adviser.

Ailes is the man who used to shout at Bush to bring out his aggressive best during the presidential debates with Michael Dukakis last year. During the live TV confrontation between Bush and Dan Rather of CBS, Ailes also played a key role, holding up signs which contained scrawled advice and put-downs.

Giuliani's problems stem partly from his high "negative" ratings. A recent poll showed that 20 per cent of registered voters polled in New York had an unfavourable impression of him, compared to 4 per cent to January. One reason seems to be his icy demeanour; the other is the stream of negative publicity run by his Republican opponent, Ronald Lauder, who has spent $8.5m on TV and other advertising – big even by New York standards.

It may be true, too, that Giuliani has focused too much attention on the November general election, thinking that the Republican primary against Lauder on September 12 would be easy. Ailes, who has written a best-seller about his techniques in manipulating the media, will bring a bit more discipline and bite to the Giuliani camp, even at this late stage.

## Oxford law

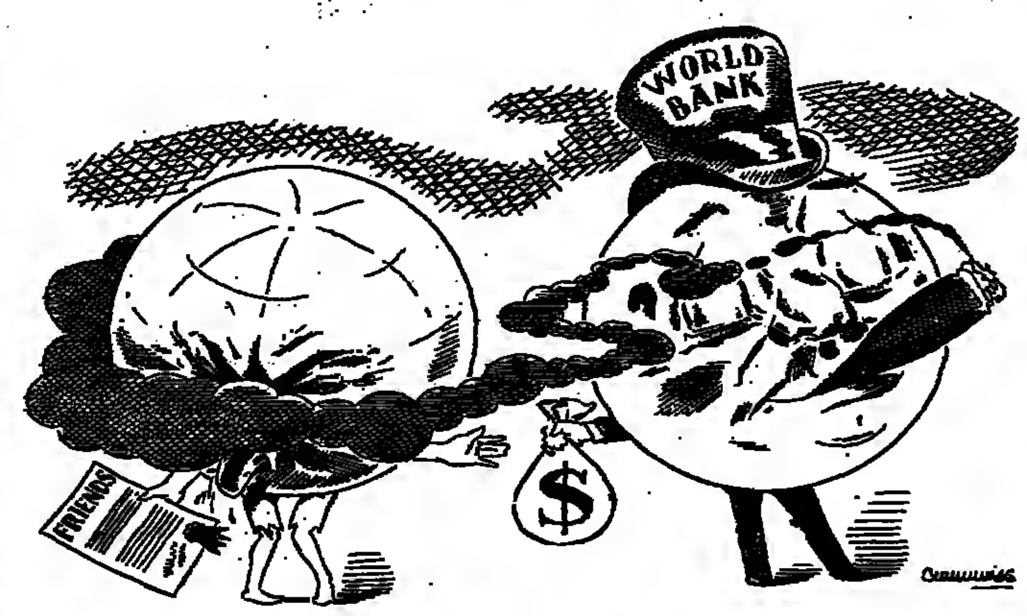
■ Professor Roy Goode is to be the first holder of the Norton Rose Chair of English Law at Oxford. The chair looked like sinking when the university was running short on funds last year; then Norton Rose, the City law firm, came up with the endowment. Goode will succeed Patrick Atiyah, the specialist on contract law who retired because of ill-health. His own speciality is commercial law and there may be, he says, a commercial law course for undergraduates. After 18 years at Queen Mary College, London, where he founded the Centre for Commercial Law Studies, he will arrive in Oxford in January.

## Downtrodden

■ Sign on a new lawn in front of a block of flats in Birmingham: "Keep off! Your feet are killing me!"

**Peter Montagnon** on the World Bank's efforts to address environmental concerns

# Sharp rise in green interest rate



Once the butt of fierce international criticism for cavalier disregard of the ecological consequences of opening up the Brazilian rainforest, the World Bank has long been anxious to clean up its own image in this regard as well as the environment of developing conntries which it seeks to serve.

Since the Paris summit earlier this month it has been given a mandate at the highest level to do so. In their concluding declaration, the leaders of the world's richest industrial countries urged the Bank and its regional counterparts to integrate environmental considerations into their development considerations.

The role of environment protection in development policy has been an important focus of the World Bank's activities for some time already. Armed with the summit declaration, the Bank is now poised to take an increasingly conspicuous role, above all as a co-ordinator both of policies and environment-related aid.

Stung by the criticism over its subseqoently abandoned involvement in the trans-Amazonian highway, Mr Barber Conable, its President, created a special environment department when he restructured the institution in 1987.

This now boasts a total of 34 full-time staff as well as special regional units. At its head is Mr Kenneth Piddington, a thoughtful, silver-haired New Zealander who in the space of 14 months has established himself as the Bank's "Mr Green."

Mr Piddington hrings good credentials to this field. Previously he was his own country'e Environment Commissioner. He also acquired long experience in trade and development diplomacy during prior diplomatic postings in both Geneva and Brussels. The summit declaration has thrust him and his department into the limelight more than ever before.

In one respect, be says, his task et the Bank has been made easier by the current manifestetion of unprecedented puhlic awereness of ecological risk. But it has also posed questions about the nature of the Bank and its role as an intermediary between developed and developing world.

Can it afford to be seen by its developing country clients as what Mr Piddington calls "the running dog of environmental colonialism?" How easily can it absorb a new emphasis on the environment without losing its identity as an institution devoted to the broader issue of development? *And how far is it prudent for a* financial institution such as the Bank to lend support of environmantal protection when the return in economic terms is non-existent at worst or, at best, impossible to define?

In the year and e half since the environment department was created at the Bank, the answers to these questions have begun to crystallise.

World Bank officials are none the less only too well eware that they still stand on shaky ground when raising the question of the environment with their development country clients. Much of the present degradation is the result of industrial country practice.

Mr Conable has pointed out that the US accounta for almost a third of all use of chlorofluorocarbons escaping into the atmosphere. The state of Hawaii has the highest number of endangered species for its size of any area in the world.

Mr Piddington believes that as understanding of the issue increases, the hostility of the developing world towards policies which at first sight seem likely to militate against economic growth and higher living standards will slowly diminish. But it is still necessary to engage the political will of recipient countries to tackling the environment rather than seeking to override their national sovereignty by imposing rules externally.

For Bank environment policies to succeed, they must have the firm backing of recipient country governments. This means talking in terms of "green facilitation" rather than green conditionality attached to lending. "We must work with our borrowers by co-operative consensus," he adds.

Where the development of industrial plants is concerned this may not be too much of a problem. Since the Bhopal disaster in India many developing country governments have become anxious to avoid environmental risks.

Moreover, in rontinely screening projects for environmental hazards the Bank has discovered that cleaner operations, for example in power generation and pulp and paper manufacture, are often also more efficient because they use state-of-the-art technology.

This helps the Bank with another problem, that of financial prudence, Mr Piddington says. "From the lending point of view you have improved the return on investment and made the loan more bankable."

Where difficulties arise, however, is when there is a need to impose costly restrictions such as the need to limit emissions of chlorofluorocarbons. This carries no tangible benefit for the developing country concerned and is not a natural priority. Mr Piddington argues that since this is a global issue there is no alternative but for orcheatrated conceasional transfers of resources from North to South through the provision of grants.

Such transfers lie outside the normal operations of the Bank, hnt because of its intimate knowledge of overall developing country policies the institution does have a co-ordinating role to play in policy formation and by mobilising funds from national donors who are themselves increasingly concerned with environmental protection. One still unresolved problem with allocating snch funds, however, is that "we still don't know country-hy-country, plant-by-plant and product-by-prodnct what the costs may be."

Protecting the rain forest is another area where the Bank cannot easily become directly involved with loans, but it can help in a number of ways arising out of its donor and policy co-ordination activities, Mr Piddington says.

For example, it can provide support to the very limited number of officials with the relevant expertise in developing countries themselves. "The pressure on that small group of individuals is going to be intense," he says.

It can also take a more direct role in the establishment of buffer zones around the protected reserve so that the local population no longer has to work for its subsistence inside the reserve and has other occupations such as what Mr Piddington calls "eco-tourism," which gives it an economic stake in the future of the reserve. This is the approach the Bank has successfully used in its economic action programmes for Madagascar and Mauritius.

Underlying the Bank'a environment philosophy is a firm belief that the choice facing its third world clients is definitely one of developing or protecting the environment. The two are inter-related, Mr Piddington argues, and have to be treated consciously as such. "When people are poor, the environment suffers," he says, "and poverty does not solve the root cause of environmental damage in the third world, namely high population growth."

Lending for pollution control is, none the less, likely to increase steeply, he adds. Drawing on the precedent already established some years ago by a loan to clean up the port of Cubatao near Sao Paolo in Brazil, the Bank is looking at clean-up loans in a number of cities incloding Manila, Mexico City and several Indian conurbations.

Such lending has an economic as well as an environmental rationale, Mr Piddington saye, becanse it has become clear that without clean-up operations existing investment is at risk because the infrastructure will be unable to sustain it.

In its last fiscal year to June 30, the board of the World Bank approved more than 100 projects with significant environment components. This represents about 35 per cent of all the projects approved in that period by the World Bank and its soft-loan affiliate, the International Development Association.

This is a trend that can be expected to continue. Above all the environment is no longer simply a question of afterthought. "The disasters occur when the environment is treated as a clip-on facade," Mr Piddington says.

UK economic policy

# A 'soft landing' is wishful thinking

**By Frank Blackaby**

It is one of the curiosities, in the academic study of economic policy, that there is no kudos in being right. In other forms of intellectnal endeavour, bad predictions serve to discredit the theories on which they are based, and the anthors of those predictions find their status somewhat downgraded. In the study of the working of the British economy, this is not the case.

It was at the beginning of this decade that the new bend of monetarists captured the citadels of economic policy-making. They predicted that their simple prescription would squeeze out inflation with only a small and temporary rise in unemployment. Unemploymant then proceeded to rise every year for six years, until it reached over 3m. Hardly small, hardly temporary. A bad prediction. It did the careers of the *authors* no *harm at all*.

Since the summer of last year there has been a repeat performance: the prediction that high interest rates will work, and there will be – to use the new term of art – e "soft landing."

That ought to be a sufficient signal to anyone familiar with recent economic history to do the economic equivalent of taking to the hills. Here then is e counter-prediction – repeating one made in January of this year. There will he no soft landing. To the delight of the Labour Party, this Government has two unpalatable choices as it moves towards the next election. Either it can have a contimuing huge balance of payments deficit, probably coupled with persistent high inflation, high interest rates and probably a low or falling exchange rate. Alternatively, it can have flat or falling ontput and demand, with rising unemployment.

The main (but not the only) defect in this Government's anti-inflationary policy is the implied assumption that the wage round no longer exists. Perhaps ministers really do believe that the emasculation of trade unim power has abolished it. Perhaps their preoccnpation with money markets has led them to forget that there is a labour market as well. The wage round does exist; labour costs are the main component of any rise in prices; and the size of the wage round is largely determined by two things – tha etate of demand for labour and the rise in retail prices since the last award. That is why, in the days when ministers had a better understanding of the workings of the British economy, there was a generally observed rule: it was not a good idea to try to get prices down by policies which push them up.

The rise in interest rates added two points to the rise in retail prices. (It was pointless of the Chancellor to protest that mortgage payments should not be considered as part of the cost of living.) This price rise is now working its way through into earnings. In the private sector, most awards are above the rate of inflation. It may be that some directors *and managers – who last year* awarded themselves increases which averaged over 25 per cent – had some compunction in imposing cuts in real wages on their workers.

The more probahle reason is the fact that the demand for labour is still rising. In some parts of the public sector, the Government may manage to hold the line et its incomes policy norm of 7 per cent – hut any group with access to binding arbitration should be eble to get more. The increase in interest rates, therefore, worsened the internal pressure on prices, and only served to postpone the fall in the exchange rate for e short period. It was not a good bargain. It is still an open question whether the present level of interest rates will eventually deflate the economy enough to bring abont the increase in unemployment which this Government needs to hring down the rise in money earnings.

However, the rock on which Government policy will founder is more likely to be the balance of payments. It seems Governmant ministers observed that the US had run a balance of payments current deficit for years and got away with it; they concinded that Britain could do the same. There is a difference. The greenback is in demand, as an alternative currency, in dozens of countries with strong internal inflation, from Argentina to Vietnam. The dollar is a world currency, in a way that the pound is not.

Britain's invisible earnings will fall, as assets are sold to bolster the exchange rate, and as high interest payments are made on the hot money that has been tempted in. The visible account is unlikely to improve much unless there is e total check to the rise in real demand. Britain no longer has a manufacturing export capability adequate to sustain full employment.

*It is unfortunate* thet economic policy-making – and for that matter, most puhlished comment on economic policy – is so dominated these days by City, and City-minded, economists. Their time-horizon is too sbort and their interest-spen too narrow for good advice on this matter. Their main concern is with the immediate effect on the market of the next economic statistic.

We find, for instance, City economists solemnly engaged in trying to predict the trade figures which will be published the next day – purely a matter of guesswork, not economics. They cannot be expected to understand, for instance, that West Germany's good record on stability of prices has nothing to do with its monetary policy and everything to do with its structure of industrial relations and worker participation.

City economists do not ask basic questions – for example, what is the function of interest rates? It is the reward for abstinence. Do people's preferences for immediate as against eventual consumption vary much from month to month? Of course not. Then how far is it sensible to have an economic policy system which relies so heavily on moving real interest rates up and down?

No soft landing. The bard landing ahould serve to call into question the whole set of doctrines behind the economic policy of the last decade.

*The author was formerly deputy director of the National Institute of Economic Research.*

# LETTERS

## Coping with Poland's debt

*From Professor Richard Portes.*

Sir, Peter Montagnon (July 20) makes an excellent case for debt relief for Poland. The arguments are perhaps more compelling now than when I put them in January 1981 (The Polish Crisis: Western Economic Policy Options, RIIA) – if only becanse events confirmed that healthy political development was not sustainable in e desperately sick economy. The obstacles to economic and political reform in eastern Europe are immense; debt is one we can actually help to overcome.

Precisely the same arguments are equally compelling, however, for many other middle-income highly indehted countries. The debt overhang stifles incentives and economic adjustment and endangers fragile democracies. Policymakera should accelerate moves towards a "generalised buyback scheme" which could avoid the pitfalls of the original (welcome) Brady initiative; other appropriate use of the secondary market; or directly negotiated debt reduction.

Poland, Mexico, Argentina, Hungary, Brazil, Bolivia, Peru – the list is longer, but the banking system and western taxpayers can bear the burden *provided* there is meaningful conditionality, etructural adjustment, and a consequent return towards sustainable growth throughout the world economy.

Richard Portes,
*Birkbeck College,*
*Gresse Street, W1*

## Parcel pay

*From Mr Nick Nelson.*

Sir, The headline "10 per cent" pay rise, on your report of the proposed pay deal between Royal Mail Parcels and the Union of Communication Workers, is misleading.

The deal provides for increases in basic pay worth 7.5 per cent on everage. A separate element worth 2.25 per cent is fully self-financing in year one, and will prodnce cumulative savings worth about 6 per cent a year.

Nick Nelson,
*Royal Mail Parcels,*
*33 Grosvenor Place, SW1X*

## Traffic at King's Cross

*From Mr Peter Witt.*

Sir, You are right to call attention to the transport implications of the King's Cross development (July 10).

Recent research suggests that the development will generate an extra 131,000 bus journeys and 1.7m car journeys. On top of this will be commercial traffic servicing the 6.95m square feet of office space – and leisure facilities, retail space and housing.

Roads in the area are already operating at capacity and subject to severe congestion.

The scheme may offer many benefits, including increased employment, but it cannot succeed without the necessary road infrastructure for passenger and freight movement.

Peter Witt,
*British Road Federation,*
*6 Portugal Street, WC2*

## Ghana's timber supplies

*From Mr Moses Adigbli.*

Sir, We note William Keeling'e thonghtful analysis of Ghana's forest sector (FT survey, July 11).

The 1.15m cubic metres produced from our forest reserves and forests is not all destined for exports. We have a substantial and growing need for timber to supply our own people which accounts for some 40 per cent of total log extraction.

We are confident that – with the assistance of Britain's Overseas Development Administration – we can offer, from our forest reserves, timber managed under a policy providing sustainable yields, and thus allay the anxieties of environmentalists in Britain.

Moses Adigbli,
*Timber Export Development Board,*
*102 Park Street, W1*

## 'Car parking for prosperity'

*From Mr R.G.I. White.*

Sir, Recent studies indicate the national costs of road congestion. Central government, in its white paper, Roads For Prosperity, has announced e £12bn road improvement scheme.

But what of those hidden regional costs generated by local government'e failure to provide sufficient puhlic car parking for maintaining local business – and what central government initiatives are required to resolve this?

A large portion of local government income derives from business rates. Yet the owners of these businesses frequently reside outside the local authority area in which they operate, and thus lack a local vote.

Arguably, this "taxation without representation," permits local government to ignore the needs of local business in general, and the provision of sufficient public car parking in particular.

Contrast this with "out of town" shopping complexes which attract trade from other areas by welcoming the motorist and gearing supply to demand. When demand increases, car parking is multiplied by multi-storey facilities. The consequent local increase in further custom, employment, turnover, profits, rental, property valuea and central government taxation revenue could be described as "Car Parking For Prosperity."

R.G.I. White,
*180 High Street North,*
*Dunstable, Bedfordshire*

## Agreement over coffee

*From Mr J. Hughes.*

Sir, Your assessment of the *collapse of the coffee pact* (July 18), like the pact itself, ignores reality. You forget that:

- The "agreement" depended on controls and peoalties which could still not prevent exports at give-away prices to non-members like the Soviet Union;
- Subsidising these non-members accounted for most of any enhanced receipts from importing members;
- Suspension of the whole apparatus has never benefited importing memhers, only suspended their disadvantages *vis-à-vis* non-members;
- Allocation of the export quota – and any net gain – was decided by the coffee producers' power politics: patterns of demand or ability to supply by coffee type were of marginal importance, economic status and coffee dependence of none;
- Such a pact, like Opec, does not need importing members;
- For the EC to shoulder its aid responsibilities through its budget will be less regressive than continuing to impose them on coffee consumers.

Any discussion of "a more relevant and realistic" agreement which fails to tackle these issues does credit to your heart, but not to your head.

J. Hughes,
*77 North Street, SW4*

## Running water

*From Mr Michael Carney.*

Sir, I must put David Kinnersley right on some of his more outrageous assertions (Letters, July 15).

First, the Water Authorities Association's response to the UK Government's proposals for a National Rivers Authority (NRA) accepted totally the need for regulation. Our only reservation was that, in addition to being e regulator, the NRA was being expected to act as a significant operator. We shall have to see how successfully the NRA combines these two roles in practice.

Second, to describe recent Government measures as "relaxing" obligations is much less than a half-truth. David Kinnersley knows of the big improvement programmes, to agreed timetables, which have been settled, together with tightening some requirements.

Third, it is because the authorities realise the needs which have to be financed and met that they see no viable alternative to privatisation.

It is clear that Government will expect much higher standards from private bodies, which it does not have to finance, than from public bodies for which it is the ultimate paymaster.

Michael Carney,
*Water Authorities Association,*
*1 Queen Anne's Gate, SW1*

FINANCIAL TIMES
Wednesday July 26 1989

# Appeal for calm as Soviet unrest spreads

By Quentin Peel in Moscow

AN URGENT APPEAL for unity and calm in the Soviet Union in the face of the latest outbursts of race riots and industrial unrest wes issoed yesterday by the Supreme Soviet, Moscow's revitalised national parliament.

The appeal came as ethnic tension in the republic of Georgia spread from the Black Sea coast to the capital, Tbilisi, and as Russian migrant workers in Estonia staged the first blatantly political strike since Mr Mikhail Gorbachev came to power.

However, it coincided with a steady return to work by tens of thousands of coal miners, from the Donets coalfield in the Ukraine to Vorkuta, in the Arctic Circle, after their demands for sweeping economic concessions were granted.

The deputies of the Supreme Soviet, an assembly which looks increasingly like an alternative power centre to the ruling party hierarchy, declared their support for "the legitimate demands of the working people."

They also called on "all forces favouring radical economic reform, democratisation and glasnost (openness)" to unite in the face of the country's worsening situation.

The situation in both Georgie and Estonia appeared fraught yesterday. Reports from Tbilisi said thousands of armed Georgians were massing near the border of the autonomous republic of Abkhazia, where 21 people have died in race riots between Georgians and the minority Abkhazians. So far Interior Ministry troops heve prevented them from entering the region, according to nationalist observers.

Meanwhile, three students have begun a hunger strike in Tbilisi demanding national independence, after an 18,000-strong demonstration through the city streets on Monday.

In Estonia, the Russian backlash against nationalism finally took effect yesterday, when workers downed tools at the Tallinn ship repair yard and several other enterprises.

The strikers are openly making political demands, including the cancellation of the Estonian law on language, which requires all government employees, and many others, to be bilingual, and the abandonment of the draft law on elections, which sets strict residence requirements for candidates and voters.

It was not clear last night how much support the stoppage enjoyed. Mr Mikk Titma, the Estonian ideology chief, said the shipyard workers had decided to end the protest after a meeting which stopped work for most of the day. He told Reuters newsagency that Russian workers had tried without success to organise strikes at six or seven plants.

Whatever the strength of anti-nationalist feeling in Estonia, where non-Estonians make up 40 per cent of the population, resentment of the Baltic autonomy movements is running high in the Russian federation.

The Snpreme Soviet in Moscow yesterday promised urgent action on legislation to try to meet some of the flood of demands reaching the capital.

The deputies confirmed they had agreed to spend an extra Rs10bn ($15.9bn) on importing consumer goods and medicines – as promised by Mr Gorbachev last week.

They also promised top priority for new strike legislation and laws on genuine financial independence for work collectives, leaseholding rights for peasants and protection of citizens from abuses of power by the state and bureaucracy.

The deputies appealed for "understanding, snpport, organised behaviour and good deeds" from all Soviet people.

# Quiet hero tackles the debt crisis

**Peter Riddell**, *US Editor, weighs the considerable but sometimes hidden qualities of Treasury Secretary Nicholas Brady*

MR Nicholas Brady, the US Treasury Secretary, is not a natural public figure. By personality (shy and slightly deaf) and background (old money Wall Street), he is self-effacing, at times inarticulate in public. There are no jokes or memorable phrases.

Yet on Monday Mr Brady was in self-confident, even fluent, form as he discussed the agreement between Mexico and its commercial bank creditors. Saying it was np to others to jndge what he had done and paying full credit to his officials and the largely unappreciated contribution of the Federal Reserve, he argued that the Treasury had played a "significant role round the clock" in discussions with both sides.


Nicholas Brady: quiet hero tackling a crisis

Mr Brady had good reason to be pleased since the Mexican deal represents an important victory for the revised debt strategy for Third World countries which he launched on March 10. Moreover, he and the Bush administration have two other victories almost within their grasp – over the rescue plan for the savings and loan industry, or thrifts, and the long-debated cut in capital gains tax.

As he approaches the first anniversary of his appointment in the final stages of the Reagan administration, Mr Brady can balance these achievements against the widespread criticism he faced in his first six months. He was accident-prone – publicly brushing aside Japanese and International Monetary Fund proposals on debt (though they later re-surfaced in parts of his own plan) and appearing indifferent to the level of the dollar at a time when it was particularly weak last November.

Worst of all in the eyes of power-conscious Washington was his floating of the idea of a user fee on savings and loan deposits. This plan, seen as a tax, was quickly disowned by the White House. At the same time Mr Brady was creating a bad impression on Capitol Hill and with some of his fellow finance ministers.

So Mr Brady rapidly became labelled a "plodder" and "out of his depth" particularly in comparison with Mr James Baker, his politically adroit predecessor at the Treasury, who never missed e trick in handling either the Congress or the press.

Yet a fairer comparison might be between the hare and the tortoise. Mr Brady shares many of the characteristics of the ultimate victor of Aesop's fable in his steady and painstaking approach.

Partly because he suffers from dyslexia, Mr Brady often prefers oral briefings from officials to large written submissions. In this way he prepared himself thoroughly to address two of the most pressing problems facing the Bush administration – the deepening haemorrhage of the savings and loans crisis (the potential cost of which is largely unappreciated outside the US) and the failure of the 1985 Baker plan to solve the Third World debt crisis through providing new loans.

In both cases the proposals were launched in a low-key fashion, with a mixed response. They have required a lengthy follow-up. He had to persuade Congress of the merits of imposing stringent financial standards on the savings and loans industry in spite of strong lobbying for a more relaxed framework. A Senate/House conference is now discnssing a final version as tough in outline as the Administration wanted, with the main remaining, admittedly significant, difference over how the rescue plan should be funded.

On debt, Mr Brady had to win the support of other industrial countries, the IMF and World Bank, and the commercial banks for a switch to a strategy of debt rednction rather than ever increasing debt. Despite considerable scepticism, particularly from some European finance ministers, his plan has won international backing and is now being implemented. There is, of course, a long way to go even with Mexico before its debts are reduced. But a start has been made.

Mr Brady has had to display the behind-the-scenes skills of a negotiator, rather than a public performer, of the type he developed in his years at Dillon Read, the investment dealer. He was noted there for maintaining client relationships rather than creating a global investment banking concern.

His preoccupation with the thrift and debt crises has meant that he has said little about the more traditional concerns of a Treasury Secretary, notably macro-economic policy. The main spokesman in the endless negotiations with Congress on reducing the budget deficit has been Mr Richard Darman, the Budget director. Similarly, Mr Michael Boskin, the chairman of the President's Council of Economic Advisers, has most frequently spoken for the Administration about the main economic indicators or in the debate with the Fed over interest rate policy.

Mr Brady has never presented an economic vision or apparent long-term strategy. This does not, however, mean that he lacks views or influence. He is concerned as anyone about the constraints imposed by the large budget deficit. For example in the case of the revised debt strategy, a US-led initiative has had to be implemented in part with Japanese money.

Mr Brady wants to raise the low level of US savings and last week publicly regretted the ending of tax incentives for individual retirement accounts. He has also been one of the strongest advocates of a cut in capital gains tax which may now be achieved thanks to the support of rebel Democrats. He has also argued against protectionism and defended the process of international policy co-ordination (strained this year hut apparently vindicated by the recent fall in the dollar).

The key point, however, about Mr Brady is his closeness to President George Bush. Only five years apart in age they share mnch the same social background and attitudes and can often be seen joking and gossiping together. At all the key economic meetings Mr Brady is present and they are said to talk on the telephone every day. He was one of the few at the top of the Administration to warn of the troubles that Mr John Tower's nomination as Defence Secretary would face - reflecting the contacts which Mr Brady built up in his six months or so as a temporary appointed senator in 1982.

The President trusts Mr Brady for his advice and above all his loyalty. He has no ambitions for a long-term Washington political career. Earlier this year Mr Bush strongly defended his Treasury Secretary against his many critics. When Mr Brady speaks, the President listens.

Mr Brady in many respects epitomises one strong strand in the Bush team – its mainstream, non-ideological establishment roots. He is about as far as can be imagined from a zealot of the Reagan revolntion. Instead, he is a manager, trying to cope with limited resources with the consequences of the changed position of the US in the world. It is an unheroic role, but then this is an unheroic administration.

# UK business confidence 'lowest for 7 years'

By Simon Holberton, Economics Staff, in London

CONFIDENCE over the outlook for UK business has fallen to its lowest level for nearly seven years and manufacturers have substantially reduced plans for investment, the Confederation of British Industry said yesterday.

The CBI said its July quarterly industrial trends survey pointed to slackening demand hnt relatively rohnst, if reduced, output growth. Optimism for exports has recovered but only slightly.

The findings are the first unambiguous evidence thet the Government's present policy of high interest rates, with the object of curbing an inflationary surge in home demand, has begun to have a pronounced effect on industry.

The Treasury said the results of the survey showed the effects of high interest rates and were to be expected. It took particular cheer from the recovery in expectations for exports, evidence of an easing in the constraints on industry's capacity to produce and an apparent stabilisation in industry's costs and price pressures.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said he agreed with the Government that reducing inflation was the main priority, but high interest rates were harmful to investment and should not be maintained longer than was necessary.

Manufacturers' investment intentions have been hit hard since the CBI last surveyed them in April. In the latest survey there was only a net 3 per cent of companies planning to increase capital expenditure within the next 12 months, compared with a net 18 per cent in April.

Among larger companies (those employing 5,000 or more) the collapse in investment intentions was more dramatic. A net 4 per cent planned to boost capital spending in the coming year against 50 per cent who planned to do so just three months ago.

The survey indicates that last year's high levels of growth in demand and output were abating, although the former more so than the latter. A rise in stocks has been the main consequence of this; the survey provides scant evidence of manufacturers looking abroad for markets.

A particular feature of the survey is the continuing strength of the UK's consumer goods industries cumpared with the gloom which appears to have engulfed capital goods industries. On almost every measure the consumer goods industries appear to be booming.

Mr Edward Britton, UK economist at Morgan Grenfell, said the survey "reveals that the Chancellor's aims to slow the economy have been fulfilled but that the improvement in the current account and inflation will take longer."

## WORLD WEATHER

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 28 | 82 | Dubrovnik | S | 30 | 86 | Malta | S | 32 | 90 | Rhodes | S | 29 | 84 |
| Algiers | S | 32 | 90 | Edinburgh | S | 23 | 73 | Manchester | S | 25 | 77 | Rio de J'o | F | 31 | 88 |
| Amsterdam | C | 20 | 68 | Faro | S | 27 | 81 | Manila | F | 34 | 93 | Rome | S | 31 | 88 |
| Athens | S | 31 | 88 | Florence | F | 31 | 88 | Melbourne | C | 11 | 52 | Salzburg | S | 22 | 72 |
| Bahrain | S | 36 | 97 | Frankfurt | F | 24 | 75 | Mexico City | R | 23 | 73 | San Francisco | F | 12 | 54 |
| Bangkok | R | 32 | 90 | Funchal | F | 25 | 77 | Miami | S | 27 | 81 | Seoul | C | 26 | 79 |
| Barcelona | S | 28 | 82 | Geneva | S | 27 | 81 | Milan | F | 22 | 72 | Singapore | S | 31 | 88 |
| Beirut | | – | – | Gibraltar | S | 26 | 79 | Montreal | S | 24 | 75 | Stockholm | S | 27 | 81 |
| Belfast | C | 23 | 73 | Glasgow | F | 26 | 79 | Moscow | C | 17 | 63 | Strasbourg | C | 21 | 70 |
| Belgrade | S | 23 | 73 | Guernsey | S | 22 | 72 | Munich | S | 24 | 75 | Sydney | C | 15 | 59 |
| Berlin | S | 27 | 81 | Helsinki | F | 23 | 73 | Nairobi | F | 22 | 72 | Taipei | F | 33 | 91 |
| Biarritz | F | 23 | 73 | H. Kong | F | 30 | 86 | Naples | S | 33 | 91 | Tangier | S | 29 | 84 |
| Bombay | | – | – | Innsbruck | F | 24 | 75 | Nassau | C | 31 | 88 | Tel Aviv | S | 30 | 86 |
| Bordeaux | C | 27 | 81 | Inverness | R | 22 | 72 | New Delhi | | – | – | Tenerife | S | 27 | 81 |
| Brussels | C | 20 | 68 | Islamabad | C | 28 | 82 | New York | S | 26 | 79 | Tokyo | F | 30 | 86 |
| Budapest | S | 26 | 79 | Istanbul | F | 26 | 79 | Nice | F | 26 | 79 | Toronto | S | 23 | 73 |
| B. Aires | R | 11 | 52 | Jakarta | C | 33 | 91 | Nicosia | S | 32 | 90 | Tunis | S | 35 | 95 |
| Cairo | S | 34 | 93 | Jersey | S | 25 | 77 | Oporto | S | 26 | 79 | Valencia | S | 29 | 84 |
| Cape Town | C | 12 | 54 | Jo'burg | S | 15 | 59 | Oslo | S | 28 | 82 | Venice | C | 27 | 81 |
| Caracas | R | 26 | 79 | Lima | C | 18 | 64 | Paris | S | 27 | 81 | Vienna | F | 23 | 73 |
| Casablanca | S | 26 | 79 | Lisbon | S | 31 | 88 | Peking | S | 30 | 86 | Warsaw | F | 24 | 75 |
| Chicago | C | 23 | 73 | London | S | 28 | 82 | Prague | C | 22 | 72 | Washington | S | 26 | 79 |
| Cologne | S | 23 | 73 | Los Angeles | C | 17 | 63 | Reykjavik | R | 13 | 55 | Zurich | S | 25 | 77 |
| Copenhagen | S | 25 | 77 | Luxembourg | F | 25 | 77 | | | | | | | | |
| Corfu | S | 33 | 91 | Madrid | S | 35 | 95 | | | | | | | | |
| Dallas | | – | – | Majorca | S | 32 | 90 | | | | | | | | |
| Dublin | C | 24 | 75 | Malaga | S | 28 | 82 | | | | | | | | |

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder


Bloch: under investigation

# On the trail of the shy suspect in the suburbs

By Lionel Barber in Washington

IN the five days since ABC News first broadcast that Felix Bloch, e top US diplomat, was suspected of esplonege, a bizarre sequence of events has unfolded.

On Saturday, the day after the State Department confirmed Mr Bloch was the target of an FBI investigation, the 54-year-old Austrian-born diplomat left Washington by car to stay with his family in the New York city suburbs - followed by e caravan of FBI agents and Soviet embassy personnel.

This week, various agencies of the US Government have leaked a stream of circumstantial evidence against Mr Bloch to the press and television.

These range from the suspicion that the KGB first recruited him in 1974 when he served at the newly-opened US embassy in East Berlin, to the allegetion that he was involved in shaping US policy on technology transfer to the Soviet bloc.

And yet, so far, Mr Bloch has neither been arrested, nor charged with any offence. Nor have the circumstances surrounding ABC's original disclosure that he was under suspicion been adequately explained.

Many theories are floating around Washington. Some fit the known facts better than others.

Mr Bloch was a dour, efficient diplomat who throughont his 30-year career was never marked out as a star.

In his last job, deputy chief of mission at the embassy in Vienna, he occupied the second-ranking job for an unusually long seven years - from August 1980 to July 1987.

When he transferred, he would normally have expected promotion to ambassadorial rank.

Instead, he spent a year at a training course for senior diplomats.

In the Bush administration, he was given the reasonably senior, but by no means vital, job of director of the office of economic and political affairs covering Europe and Canada.

President Bush disclosed this week that he had known about the Bloch case "for some time," and it seems conceivable that the US intelligence agencies may have known about it even longer, perhaps even stretching back to his days in Vienna, traditionally a hot-bed of East-West contacts and espionage.

They may even have left Mr Bloch in his post so long, in order to establish the level of his Soviet contacts.

This theory has an added attraction. US officials, speaking anonymously, said yesterday that the Soviets had tipped off Mr Bloch that he was under suspicion.

Mr Bloch's KGB case officer apparently telephoned the diplomat, saying: "A bad virus is going around and we believe you are infected."

Once his cover was blown, his value plummeted, both for the Soviets and for the Americans. This may in turn explain the leak last week to ABC News.

By hanging him out to dry in the public, the Government has made it harder to bring a criminal case against him, but it may increase the pressure on him to reveal the extent of damage to US intelligence and his contacts with the Soviets.

Mr Bloch, meanwhile, has responded in American fashion by hiring a lawyer and refusing to be questioned by the FBI, though he has submitted to a brief interview by State Department security officials.

● Chancellor Franz Vranitzky of Austria said yesterday that Mr Henry Grunwald, the US Ambassador, informed him about the investigation against a high-ranking diplomat suspected of spying while in Vienna two weeks before it became public, AP reports from Vienna.

They had agreed not to go public so as not to endanger the investigation against Felix Bloch.

THE LEX COLUMN

# NatWest pays the price

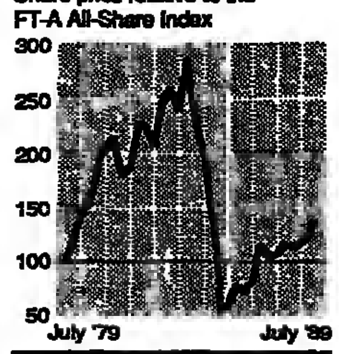
The tradition of resignation by senior managements whose conduct falls below par is not well developed in the UK, so the departure of three of the most senior exectives of National Westminster Bank is a welcome development. UK clearing banks are an over-protected bonch, and their managements have in the past been guilty of enormous errors of judgment without paying the penalty. Bank managers are rarely ever sacked, except when they are caught with a hand in the till; so the sight of three very senior bankers and their boss walking the plank must give a sense that justice has been done.

In some respects it is a ritual sacrifice. It makes the regulators, led by the Bank of England, look rather powerful, and helps restore the City's tarnished public relations image in the rest of the country. Lord Boardman has only brought forward his retirement by a few months and the rest of the executives were near the end of their banking careers. It is easy to fall into the trap of thinking that the clearing banks are such dull, plodding institutions that more than a third of a bank's executive directors can be removed overnight withont herming operations. The faces may change, but the institution goes on.

This a rather naive conclusion. Apart from the rare occasions when a major bank has had to be rescued, this sort of bloodletting on the top management floor is unheard of in an international bank of NatWest's size and repntation. While the impact on the bank's day to day operations will be minimal, the effects on business morale are more difficult to quantify. If it makes a conservative management team behave even more conservatively, it will permit Barclays to consolidate its leadership position. This may be what the Bank of England wants, but it is not the sort of background to encourage investors.

**STC**

Share price relative to the FT-A All-Share Index



## STC

STC side-stepped rather peevishly yesterday the one question to which everybody wants an answer. On the face of it, the group is firing on all cylinders: British Telecom asking for £150m-worth of transmission systems, the Pentagon thinking about STC undersea cables to detect Soviet submarines and Spanish civil servants sold on ICL mini-computers.

But beneath the surface of yesterday's 15 per cent earnings per share increase were warning signs: not critical, but enough to sharpen the stock market's eagerness for an announcement that STC has found a European partner to ensure ICL's future. STC spent £120m on research and development in the first half, about 13 per cent of turnover: strong cash flow and financial controls mean it can manage that comfortably for now, but the 1990s may well be another matter.

Strip out STC's two recent US acquisitions, CCI and Datachecker, and ICL's turnover grew roughly 8 per cent to about £700m in 1989's first six months. Given that Europe's other mainframe manufacturers have been hitting much choppier waters, this is testimony to ICL's wise targetting of specialised customers such as local anthorities or financial institutions. But even ICL's ebove-average operating margins are slipping, from about 9.5 per cent in 1988 to around 8.5 per cent now, despite tight cost-control. The worry is that this margin squeeze suggests more trouble to come, in a world where industry-wide standardisation is increasingly turning mainframes into commodities.

## Art

Something funny is up with the rich. Sotheby's and Christies report sales np by two thirds and signs of further rises to come; the up-market estate agent, John D. Wood, has cut its dividend, and will be lucky to make any money this year at all. Hard as it is to believe, the macro-economy seems to have nothing to do with the art market; high interest rates may deter the person with £500,000 to spend on a flat, but do not discourage the person wanting to spend £20m on a painting or £55,000 on a single golf club.

The very rich evidently can afford these sums, and there may be enough money ont there to push prices even higher – at least the stockmarket believes as much. The auction houses' shares have exceeded even their astronomical earnings growth, with both companies getting a rerating. Sotheby's, floated on about 11 times earnings just over a year ago, has risen more than threefold and now commands e p/e of 14. Christies – which some consider a likely bid candidate – is on a multiple 2 points higher still.

The art market may be able to escape economic cycles, but that does mean it is not sobject to its own equally damaging ups and downs. It is dangerous to conclude that the new broad range of collectable art works and enthnsiastic investors makes the market resilient, as the range is surely a directconsequence of the rise in prices creating extra demand and new sources of supply. Should the market turn, art collecting could stop being fashionable, and those 99 out of 100 US millionaires who apparently have not yet become art collectors may be happy to keep it that way.

## US taxation

The latest proposals on US tax for foreign companies look capable of provoking a first class row. They also seem out to make life very difficult for such as Sir James Goldsmith. The idea is that a foreign company selling a US subsidiary would have a 30 per cent withholding tax slapped on the proceeds. So much for Sir James's plans to sell off Farmers, Saks and Appleton Paper; so moch, too, for a host of European companies from Grand Metropolitan to Hoechst and Unilever, which have made big US acquisitions in recent years and might feel like selling bits off in future.

Taken with the related plan to stop tax-deductible interest payments from US subsidiaries to foreign parents, the proposals aim to eliminate supposed tax advantages which make it easier for foreigners to snap up US corporations. They also aim, of course, to narrow the budget deficit; the snag is that if they discouraged inward investment, they would widen the balance of payments deficit at the same time. The proposals are still tentative and unclear: but if – as seems likely – they are taken to violate principles of double taxation and extra-territoriality, they could put earlier rows over unitary taxation in the shade.

هكذا من الأصل

FINANCIAL TIMES
# COMPANIES & MARKETS
Wednesday July 26 1989

## INSIDE

### Retailers' discount share swap blocked

A shake-up of Japan's overcrowded food retailing sector looks likely to go ahead following yesterday's injunction blocking a share exchange plan by two supermarket operators. They aimed to defend themselves against unwanted approaches from Shuwa, the fast-growing private Japanese property and supermarket group headed by Mr Shigeru Kobayashi (left). The judgment could also make it easier for outside interests to penetrate the tight shareholding arrangements that have protected Japanese companies from hostile takeover bids, writes Ian Rodger. Page 26

### Woolly thinking in Australia

Wool is, along with coal and tourism, one of Australia's most important exports, but sharply increased production — a reflection of the guaranteed high prices for growers — is now meeting seriously weakened demand, notably from China and Japan. And, at the beginning of the country's 1989-90 wool-selling season, it is already clear that the price paid by the Australian Wool Corporation under a scheme to protect wool growers from the full impact of price fluctuations is out of line with market conditions. Chris Sherwell reports. Page 34

### Recovering from scandal

Brazilian share prices have recovered some ground after their 54 per cent plunge in early June in the wake of a stock market scandal. Trading is not entirely trouble-free, however; the absence of frantic speculative activity has cut turnover severely. And investors' confidence in the stock exchange remains bruised, writes John Barham. Page 46

### Sharp fall for Mobil

Mobil

Mobil, the large integrated US-based oil company, reported a sharp drop in second quarter earnings, which it attributed to a loss on the sale of its South African operations. Net income for the three months ended June 30 fell 23 per cent to $401m, or 98 cents a share, from $519m, or $1.26, a year earlier, on flat revenues of $14bn. Page 25

### Boots puts the boot in

Boots questioned the foundations of the profits forecast made by Ward White, the retailer that is the subject of its £800m ($1,280m) bid, in a circular posted yesterday to Ward White's shareholders. The questions focused on the lack of a breakdown of the profitability of individual businesses or the level of non-trading profits in the forecast, which predicted a 19 per cent increase in pre-tax profits to £38m for the six months to July 31. Page 32

### Big Store on the up

Sears, Roebuck, the world's largest retailer, reported an increase in second-quarter income yesterday after gains in all its divisions and the sale of the Coldwell Banker real estate group's commercial section. Page 25

### Market Statistics

### Companies in this section

### Chief price changes yesterday

**FRANKFURT (DM)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Bayer-Hypo | 444 | + | 10.5 |
| Deutsche Bk. | 666 | + | 8 |
| Karstadt | 638.5 | + | 16.5 |
| Schering | 739.7 | + | 36.9 |
| **Falls** | | | |
| Lahmeyer | 884 | − | 10 |
| Muench Rueck | 2450 | − | 50 |

**NEW YORK ($)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| AMR | 67 | + | 1⅝ |
| Airb'ne Freight | 31⅝ | + | 1⅛ |
| UAL | 184¼ | + | 7¾ |
| **Falls** | | | |
| Ashton-Tate | 14½ | − | 1¼ |
| Syntex | 47 | − | ⅞ |
| Warner Comms. | 66 | − | 1⅛ |

**PARIS (FFr)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| BHV | 603 | + | 23.9 |
| Prima Gaz | 715 | + | 42.4 |
| St Gobain | 1300 | + | 52 |
| **Falls** | | | |
| Cap Gemini | 232 | − | 9.6 |
| Epeda | 1295 | − | 38.8 |

**TOKYO (Yen)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Nissaki House | 1340 | + | 130 |
| Pasco | 1310 | + | 110 |
| Sanyo Shokai | 1550 | + | 160 |
| **Falls** | | | |
| Nankai Worsted | 1000 | − | 88 |
| Shikano Inds. | 1220 | − | 88 |
| Yurakw Real Est | 1040 | − | 80 |

New York prices as at 12.30pm.

**LONDON (Pence)**

| | | | |
|---|---|---|---|
| **Rises** | | | |
| Avon Rubber | 580 | + | 14 |
| Cable & Wire. | 517 | + | 8 |
| Christies Intl. | 311 | + | 13 |
| Countryside | 224 | + | 11 |
| DRG | 562 | + | 22 |
| GEC | 268 | + | 5 |
| Granada | 361 | + | 12 |
| Hickson Intl. | 273 | + | 8 |
| Jaguar | 396 | + | 3 |
| Kingfisher | 338 | + | 11 |
| Lucas | 651 | + | 13 |
| Menzies (J.) | 365 | + | 11 |
| Molins | 209 | + | 12 |
| Plessey | 289 | + | 4 |
| Rentokil | 367 | + | 16 |
| Southend Props. | 230 | + | 8 |
| Y'shire Chems. | 365 | + | 18 |
| **Falls** | | | |
| Davenp't Vernon | 111 | − | 9 |
| Eurotunnel | 842 | − | 13 |
| Lowndes Q'way | 33 | − | 5 |
| Nestor-BNA | 123 | − | 5 |
| SD-Scicon | 58 | − | 4 |
| Ward White | 440 | − | 6 |

# US plan to tax foreign buyers

By Norma Cohen in London

A US CONGRESSIONAL committee is considering a proposal, which has the tacit approval of the Bush Administration, that would impose new taxes on foreign buyers of US companies — a move which could affect the proposed £13bn ($21bn) takeover of BAT Industries, the UK conglomerate.

The proposed Bill would impose a 30 per cent withholding tax on the sale proceeds when US subsidiaries acquired by foreign companies are then disposed of. In the case of Hoylake, the vehicle bidding for BAT, the tax could affect the subsequent sale of BAT's US subsidiaries, such as Farmer's Insurance.

However, Hoylake's advisers said yesterday that the proposal had not affected its plans. This is because it expects the final Bill to allow existing tax treaties to continue in effect and thus disallow capital gains taxes on foreigners.

The measures are contained in a House Ways and Means Committee Bill designed to raise some $5.3bn in revenues without imposing any "new taxes," as promised by President George Bush in his electoral campaign.

Although the proposals did not come from the Bush Administration, a draft of the Bill has been presented to the US Treasury and no objections were registered.

The Bill is currently in the "mark-up" phase, the last stage before being presented to the full committee for a vote. The Bill's passage is also made more likely as it has been approved by a a bi-partisan committee of both houses of Congress. It is intended to take effect in fiscal 1990.

Staff of the Joint Committee on Taxation, the bi-partisan committee, said that the tax proposals stemmed from concern that corporate takeovers by foreigners pose dangers to the US economy, both from a revenue and a competitive point of view.

"There is definitely the feeling that the US tax structure provides benefits to foreigners that it does not to US investors," said a senior staff member. "This is an effort to level the playing field."

One proposal would impose withholding taxes on foreigners' sales of stock in a US corporation if the seller owned more than 10 per cent of that company.

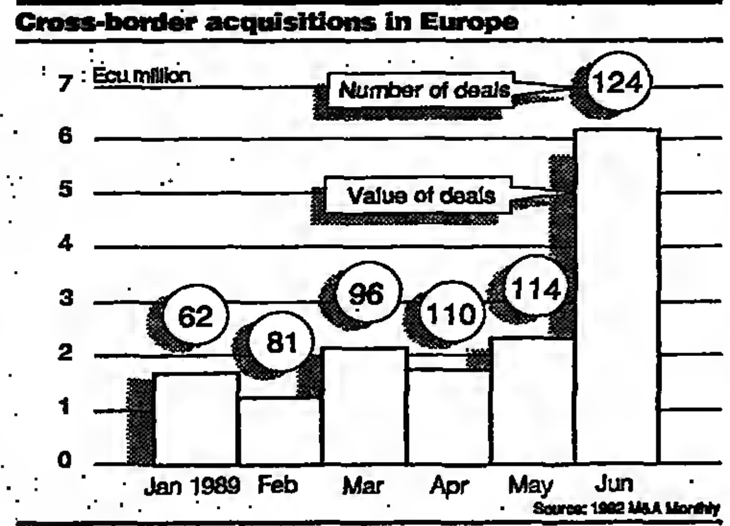
Until now, foreigners have paid no tax in the US on profits from sales of investments. However, they have been subject to tax in their own country.

In contrast, American investors earning a capital gain are not subject to any withholding tax but must pay capital gains. The other proposal — known as the "earnings stripping" rule — would treat some interest payments that US corporations make on loans from foreign affiliates as dividends, ending tax deductions now available for them.

Critics of the proposed taxes argue that they contradict the spirit of existing US tax treaties with foreign Governments and that they will discourage needed foreign investment in the US. The proposals are merely a sop to the anti-foreign investment mania that is sweeping some corners of US business, they argue.

Lex, Page 22; Background, Page 33

**Cross-border acquisitions in Europe**



Source: 1992 M&A Monthly

# France tops European cross-border mergers

By Guy de Jonquières, International Business Editor

FRANCE, the US and Britain were by far the most active acquiring nations in European trans-border takeover activity during the first half of this year, according to a survey.

French companies topped the list, buying businesses in other European countries worth Ecu4.15bn ($3.81bn), compared with Ecu3.61bn for the US and Ecu3.29bn for the UK. However, Britain was also the most popular target country for bids, receiving a total valued at Ecu5.96bn.

The survey, by The 1992 M&A Monthly, a specialist publication, found that the scale of cross-border mergers and acquisitions made by British companies in Europe in the first half substantially exceeded takeovers of UK firms by acquirers from other parts of Europe.

It also found that British companies made more cross-border acquisitions in Europe during the period than those from any country except France and the US.

The findings contradict recent complaints by some UK businessmen that the leniency of takeover rules in Britain makes it easy for continental buyers to acquire companies there, while British bidders are effectively locked out of many Continental markets.

According to the survey, the number and value of British acquisitions in three countries which are notoriously resistant to hostile bids — West Germany, the Netherlands and Switzerland — were far greater than those made in the UK by companies from those countries.

Details, Page 24

# Texas Eastern may ditch Enterprise deal

By Steven Butler in London

TEXAS EASTERN, the US gas transmission company, may pull out of a $961m deal to sell its UK oil and gas subsidiary to Enterprise Oil, the UK independent oil company, unless the sale can be consummated by the end of this month.

Panhandle Eastern, which acquired Texas Eastern in an agreed bid in February, is understood to be examining options to auction the assets piecemeal. This would circumvent the legal and commercial difficulties that have arisen through trying to sell the subsidiary as a whole unit. Provisions of the sales agreement, signed on March 1, allow either company to withdraw if the sale is not completed by July 31.

The transaction has been stalled in the courts for nearly two months after Amerada Hess, the US oil company, and British Gas, which are partners to Texas Eastern, exercised options, known as pre-emption rights, to purchase the UK subsidiary, Texas Eastern North Sea (Tensi), under the same terms agreed with Enterprise. Enterprise has disputed these rights.

A Court of Appeal ruled last week that Enterprise, British Gas, and Amerada would have to divide the shares of Tensi three ways according to the value of interests in North Sea licences which they share with Texas Eastern. A lower court was to determine how to carry out this valuation and division of shares.

Unless the court moves to make a more or less arbitrary division of shares, the valuation process itself could turn out to be an extended affair. The valuation of oil assets is a controversial procedure, and would be heavily influenced by factors such as assumptions about future exchange rates and oil prices, about which there is no consensus.

Enterprise also says it expects to launch an appeal to the House of Lords in an attempt to overturn the Court of Appeal's ruling.

Faced with the prospect of an extended wrangle before the affair is resolved and it receives its money, Texas Eastern is looking at options to terminate the deal.

These options, however, could also involve substantial complications and delays, leading some to conclude it would be a last resort.

Should Texas Eastern attempt to sell the assets piecemeal, possibly in small packages of licence interests, it could incur additional tax liabilities, although it is unclear precisely how large these would be.

The auction itself would be time consuming, and involve 60 day notification periods on individual assets, during which partners would have the right to pre-empt agreed sales.

Some analysts believe a piecemeal sale could actually yield a higher total price for Texas Eastern because of the large number of oil companies that might be interested in bidding on smaller parcels of assets.

Enterprise, Amerada, and British Gas are understood to be examining ways of satisfying Texas Eastern's immediate needs in order to keep it from pulling out.

Trevor Humphries

STC chairman and chief executive Arthur Walsh

# STC in talks on joint ventures

By Hugo Dixon in London

STC, THE UK electronics group, said yesterday it was in talks with European partners about forming joint ventures for its ICL computer subsidiary and its telecommunications division.

The group also confirmed that it was forming a consortium with US West, one of America's "Baby Bell" telecoms operators, to bid for one of the UK's new personal communications licences, the next generation of mobile service. At present, STC and US West have roughly half shares in this consortium, but two further partners are likely to be announced this week.

The announcement of the new consortium was made by Mr Arthur Walsh, STC's chairman, as he revealed a 12 per cent increase in earnings per share to 13p for the half-year to the end of June. Pre-tax profits grew 14 per cent to £114.6m ($183.4m), while turnover increased 15 per cent to £1.28bn.

These results, which were at the top end of expectations, were achieved on the back of strong growth in the telecoms division and a solid performance by ICL.

"The company that appeared to get everything wrong in 1985 has now emerged as the shining and ultra-successful telecoms player," commented Mr James Dodd, an electronics analyst at Kleinwort Benson.

Mr Walsh said STC had a clear policy of alliances and joint ventures. "We will enter joint ventures for ICL or parts of ICL, but I won't go into any more details."

Mr Walsh said the group also saw a need to do joint ventures in Europe in telecoms. STC last month formed an alliance with SAT, a French telecoms manufacturer, and is keen to do similar deals in other countries

STC's telecoms division was the main force behind the result, producing operating profits of £44.4m (£36.0m) on turnover of £322.5m (£284.7m).

Growing sales of cables and special transmission networks, called flexible access systems, contributed to the performance.

ICL's profits grew to £63.1m (£58.4m) on turnover of £772.9m (£646.9m). Half the increase in its turnover was attributable to internal growth and half to the acquisition last year of Datachecker and Computer Consoles, two US companies.

STC's third division, Components and Distribution, produced profits of £14.3m (£11.3m) on turnover of £180.5m (£174.1m).

The results were achieved during a period when STC increased spending on research and development by 35 per cent to £120m. The directors signalled their confidence in the full-year performance by increasing the interim dividend 25 per cent to 3.75p.

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# Restructuring moves lead to loss of nearly $½bn at Control Data

By Roderick Oram in New York

CONTROL DATA, the stricken US computer hardware and services group, has reported a second-quarter loss of nearly $½bn as a result of restructuring moves.

The Minneapolis-based company pulled out of the supercomputer business earlier this year at a cost of $335m, cut its computer products business — mainly its mainframe computer manufacture — and reduced corporate staff.

Control Data said yesterday that the total cost of the restructuring was $493.8m, partly offset by a $17.8m gain on the sale of a subsidiary to make a net cost of $476m, in line with its estimates.

As a result, Control Data has run up a net loss for the second quarter of $497.3m, or $11.79 a share, against a net profit of $9.2m, or 22 cents, a year earlier. The subsequent first-half loss was $493.8m, or $11.75, against a profit of $16.9m, or 40 cents.

Revenues were $804.3m for the quarter, compared with $951.7m a year earlier and $1.65bn against $1.85bn for the half year.

Before the charges, Control Data turned a $24m pre-tax loss for the second quarter with deficits from its computer products and VTC semiconductor operations only partially offset by profits from its Imprimis disk drive operations and other activities, including information services and energy management.

The restructuring continues. Control Data is in the process of selling Imprimis to Seagate Technology, a rival disk drive maker. It will receive $250m cash, a $50m note and an 18 per cent equity stake in Seagate. Last week it said it had found a buyer for an 80 per cent stake in its training and education business.

Mr Robert Price, chairman, said that, with the restructuring actions largely behind it and an amended credit agreement in place, the company could concentrate on ongoing businesses and work to achieve a profitable second half.

# Art market's growth continues

By Edward Sussman in London

THE INTERNATIONAL art market has had its third exceptional year of growth, and, say the big international auction houses, there is no sign of any weakening in demand.

Christies International said yesterday that its worldwide sales for the 1988-89 season ending this month had grown by 62 per cent to exceed £1bn ($1.6bn) for the first time. Sotheby's Holdings reported a 58 per cent surge in pre-tax income for the six months to June 30.

The art market's strength comes as interest rates across the world have risen, and when demand for other real assets has weakened. Mr Christopher Davidge, Christies' manager director, said demand was spread over an increasingly broad range of objects, and cited a toy train collection which recently fetched £1.25m ($2.02m) as an example. During the year, Christies sold 147 works of art for more than $1m each.

Collectors' willingness to commit ever larger sums of money to the art market has surprised outsiders. Shares in Sotheby's, which were floated in May last year at about £4.50 a share, have been one of the London stock market's strongest performers this year, closing yesterday at £13.95. Christies' shares, which have risen strongly this year on the basis of bid rumours, rose 13p to 311p yesterday.

The US contribution to Christies moved ahead to 50 per cent, compared with 40 per cent in the last season. Salesrooms throughout the world showed progress, said Lord Carrington, Christies' chairman. "In general terms, we are expanding our operation in an ever strengthening market," he added.

In the New York area, Christies said turnover doubled to £519m from £255m last year, while in London sales were up 41 per cent to £338m from £239m. Salesrooms in Hong Kong and Australia also more than doubled their turnover.

The group said it was expanding its facilities in London, Paris and Hong Kong.

Sotheby's said its first-half pre-tax income of $90.91m compared with $57.72m for the same period last year, on operating revenue of $220m from $158m, represented an outstanding first six months. Second-quarter auction sales rose 69 per cent to $1.1bn. Sotheby's said this was the first time any auction house had exceeded $1bn in a single quarter.

Net income was $56.37m compared with $36.65m, and earnings per share, on a post split basis, were 99 cents, up from 66 cents last year. The board declared a regular dividend of 5 cents per share.

Mr Michael Ainslie, Sotheby's chairman, said the group's finance and real estate operations had also gained, moving to operating profits of $2.8m from losses of $1.7m a year earlier.

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# Improved margins bring 35% advance at Ence

By Peter Bruce in Madrid

EMPRESA NACIONAL de Celulosas (Ence), the big Spanish pulp and paper producer, yesterday reported pre-tax profits of Pta4.6bn ($38.4m) for the first half of 1989, an increase of 35 per cent p on the same period last year.

Ence, the world's largest producer of eucalyptus pulp, said sales in the six months had risen by 4.5 per ceot to Pta21.5bn, more than 60 per cent of which was accounted for by exports.

INI, the state industrial holding company, owns about 55 per cent of Ence with the bulk of the rest of the shares freely traded on the Spanish stock markets.

The company has been able to improve its profit margins dramatically in the past 18 months following the disposal of a paper plant to Torras Hostencb and an ageing pulp mill to Scott Paper of the US. Profit on sales has more than doubled from the 9.3 per cent recorded in 1987.

The disposals came as the group, which once toyed with becoming a fully diversified oaper producer, began a retreat from this strategy to concentrate on becoming a specialist pulp producer, using a rapidly growing eucalyptus resource in Spain.

Fast-growing eucalyptus trees produce a short fibre pulp that is gaining popularity with paper-makers because it is easier to dry. Spain and Portugal are the only eucalyptus producers in Europe though most plantation owners, except Ence, use their pulp to feed in-house requirements.

Ence mada net profits of Pta5.6bn last year and analysts believe these will rise to nearly Pta7bn this year.

# Hispano Americano 40% ahead

By Peter Bruce

BANCO HISPANO Americano, one of Spain's big six commercial banks, made parent bank pre-tax profits of Pta22.05bn ($184.2m) in the first half of this year, a gain of 40 per cent on the same period of 1988.

Consolidated group pre-tax profits rose 22.5 per cent to Pta28.5bn.

Hispano, whicb recently agreed to acquire 5 per cent of West Germany's Commerzbank for some $74m, said net interest income at the parent rose 13.7 per cent to Pta61bn.

Like most Spanish hanks, Hispano bas been lending heavily to consumers this year, and its total loan portfolio rose 22 per cent to Pta1,400bn while customer deposits rose only 11.5 per cent to Pta1,800bn.

# GEF in Agefi deal

GROUPE Expansion Finances, the Frencb financial pnblisher, has raised its stake in the Agefi Development publishing group to 68 per cent through the purchase of an additional 18.5 per cent stake from Compagnies Europeennes Reunies (Cerus), Reuter reports.

Cerus, the French holding company of Mr Carlo De Benedetti, the Italian husinessman, bought 18.7 per cent of GEF earlier this month.

# Neste to acquire 50% of Nynas Petroleum

By Joseph Mann in Caracas

NESTE, tbe Finnish national oil company, is to acquire the 50 per cent sbareholding in Nynas Petroleum held by the Axel Johnson group of Sweden and the Swedish Invastment Bank.

News of the deal was made public in Caracas by Venezuela's national oil company, Petreleo de Venezuela SA (PDVSA), which owns a 50 per cent sbarebolding in Nynas and whicb declined an option to purchase the remaining stock.

AB Nynas Petroleum owns two oil refineries in Sweden and another in Belgium. It also operatea a distribution network for lubricants and asphalt products in Westsrn Europe. The Axel Johnson group held 27 per cent of Nynas shares while the Swedisb Investment Bank had 23 per cent.

In 1986, PDVSA purchased its 50 per cent in Nynas from tbe Axel Johnson group for SKr153m ($23.6m). PDVSA also has major interests in oil refining and distribution systems in West Germany and the US.

# Länderbank considers increase in dividend

INCREASED second-half profits are expected by Oesterreichische Länderbank, and the bank, Austria's third biggest, may increase its dividend, Reuters reports.

Mr Gerhard Wagner, managing director, said yesterday that Länderbank had increased partial operating profit in the six months ended June, 1989 to Scb397.1m ($29.6m) from Sch330m in the same period last year.

"I'm optimistic that we can continue to perform fairly well in the rest of the year and will attain a noticeable increase in all our profits." He added that the bank was considering an increase in dividend. Shareholders have received 12 per cent for the past four years.

"If possible we would like to increase this by 1 or 2 per cent, but we would not be giving details of any change until the autumn."

Länderbank's balance sheet total rose 3.7 per cent to Sch221.7bn at the end of June, from Sch213.9bn at end-1988.

Mr Wagner said the bank planned to expand overseas by opening an office in Los Angeles.

# Eagle Trust puts parcels unit into liquidation

By John Thornhill in London

EAGLE TRUST, the UK mini-conglomerate, is putting Eagle Express, its tronbled parcel delivery snbsidiary, into liquidation and writing off losses of up to £35m ($56.7m) on the business. Eagle Trust only acquired the parcels company in April last year.

The decision to liquidate was taken by Mr Malcolm Stockdale, Eagle Trust's new chairman and chief executive, just six weeks after the resignation of Mr John Ferriday, the former chief executive.

Mr Stockdale said that Eagle Trust's involvement witb Eagle Express had obviously proved to be a bad decision.

However, he added there was no suspicion of any illegality. "There is nothing to indicate that anything has gone missing," he said.

Mr Stockdale became chairman of Eagle Trust in May after Iroquois Brands, the US conglomerate be cbairs, bought a 12.9 per cent stake. The liquidation decision followed an independent report commissioned from accountants Peat Marwick into the group's finances.

Eagle Express – previously known as Connect Parcel Distributions – began trading in February 1987.

At the end of 1987, Eagle Trust mads unsecured cash advances of £12.2m to the parcels company and in April 1988 it bought Eagle Express's entire share capital for £86,000. Further advances were made during 1988 but in December it was decided to close Eagle Express. Since then, Eagle Trust effectively advanced a further £2.4m.

Eagle Trust said it was too early to assess the overall financial effect of the liquidation.

But it added that the accumulated losses of Eagle Express were approximately £35m and that it did not expect to recover this money.

Eagle Trust expects to release its annual results by the end of August. It will then apply to the Stock Exchange to have its shares relisted. They were suspended in May at 18p.

# Europe steps up the M&A pace

## Guy de Jonquières on the rising tide of cross-border mergers

The strength of cross-border mergers and acquisitions activity in western Europe is underlined by a survey which finds that almost 600 deals with a total disclosed value of Ecu15.4bn ($16.6bn) were made in the first half of this year.

The survey, by the 1992 M&A Monthly*, a specialist publication, finds that activity was particularly intense in June, which saw 124 deals with a recorded value of Ecu6.2bn. That figure was inflated by a few very large deals, notably the Ecu1.8bn purchase by BSN of France of RJR Nabisco's European food subsidiaries.

Ths survey also shows that cross-border M&A in Europe was overwhelmingly an intra-European affair in the six months. Deals made by acquiring companies of European origin were worth Ecn11.3bn, while American acquirers made deals worth Ecu 3.6bn.

The total valua of deals was probably somawhat higher, since the prices of many smaller ones have not been disclosed.

Comparisons with earlier periods are not availahle, since this is the first year in which 1992 M&A Monthly has compiled detailed information on trans-European deals.

While almost every part of Europe has been affected by the wave of cross-border M&A, the pattern of transactions varied sharply between industries and countries.

Food and food retailing saw the most vigorous action, generating 53 deals worth Ecu3.59bn, while the value of deals in banking, construction and building materials and insurance also exceeded Ecu1bn. By contrast, there was very little activity in leisure, hotels, energy, white goods and tobacco.

Among major European countries, the survey highlights the following:

Total cross-border value Ecu 15,437.5m

Total cross-border deals 587

Source: European Deal Review

| Acquiring nations | Ecu value (million) | % of total value | Number of deals |
|---|---|---|---|
| Six months to June 1989 | | | |
| France | 4,149.3 | 26.9 | 86.0 |
| US | 3,614.9 | 23.4 | 68.6 |
| UK | 3,286.8 | 21.3 | 160.0 |
| Italy | 1,070.8 | 6.9 | 27.5 |
| Sweden | 756.7 | 4.9 | 45.8 |
| Japan | 531.6 | 3.4 | 24.0 |
| Finland | 500.4 | 3.2 | 15.0 |
| W.Germany | 300.1 | 1.9 | 46.0 |
| Spain | 298.3 | 1.9 | 11.0 |
| Denmark | 219.6 | 1.4 | 9.5 |
| Others | 709.0 | 4.8 | 93.8 |
| **Target nations** | | | |
| UK | 5,955.7 | 38.6 | 101.0 |
| France | 2,298.6 | 14.9 | 91.0 |
| Italy | 2,038.8 | 13.2 | 52.3 |
| W.Germany | 1,774.1 | 11.5 | 90.5 |
| Spain | 1,083.7 | 7.0 | 65.5 |
| Neths. | 510.6 | 3.3 | 47.5 |
| Finland | 319.4 | 2.1 | 9.0 |
| Portugal | 310.0 | 2.0 | 12.1 |
| Sweden | 205.7 | 1.3 | 16.0 |
| Belgium | 179.9 | 1.2 | 27.6 |
| Others | 760.8 | 4.9 | 74.5 |

**France:** French companies were by far the most active acquirers, making 86 purchases in the rest of Europe with a total value of Ecu4.1bn. Though 91 French companies were bought by foreign acquirers, the total value of sucb deals was only Ecu2.3bn.

Nonetheless, France was the second most popular target country for cross-border acquisitions after the UK. When non-European acquirers are excluded, France ranks in third place, just behind Italy.

The 1992 M&A Monthly suggests that France's large economy and continental location might make it an even more popular target for foreign acquisitions than the UK, were it not for evidence of local resistance to foreign takeovers of French companies.

**Britain:** Total foreign acquisitions of UK companies amounted to Ecu5.96bn in the half year, almost three times the value of foreign acquisitions in France and nearly twice the valne of British acquisltions elsewhere in Europe.

However, the figures offer no support to those in Britain who complain that lack of takeover reciprocity makes it much easier for companies from other European countries to buy firms in the UK than the other way round.

Roughly half the valne of acquisitions in Britain was accounted for by companies from the US (Ecu2.6bn) and Japan (Ecu371.8m), making the UK much the most popular target for European acquisitions by companies from these countries.

When purely intra-European deals are taken into account tbe value of British acquisitions in the rest of Europe, at Ecu 3.29bn, comfortably exceeded foreign acquisitions in tbe UK, whicb totalled Ecu2.76bn.

Nor did UK companies lag their continental competitors in the race to acquire within Europe in the first half of this year. Measured by value, only Frencb and US companies were more active, while Britisb companies were, hy a huge margin, the biggest foreign acquirers in both France and West Germany.

British companies also made almost twice as many acquisitions in other parts of Europe as did French ones. But the average value of UK deals, at Ecu20.5m, was less than half that of French acquisitions.

The largest UK deals in Europe were Advanta's acquisition of 10 per cent of Philipp Holtzmann, a West German constrnction company (Ecu712m), Guinness's purchases of minority stakes in LVMH and Christian Dior of France (Ecu 604m), and Heron International'a acquisition of 40 per cent of Spain's Torcovir construction group (Ecu130m).

**West Germany:** The survey finds, contrary to widely-held opinion, that foreign acquisitions in Germany have been running at a high level. Indeed, in the first half of this year, it was the fourth most popular country among foreign acquirers, which made more than 90 deals there worth Ecu1.77 bn.

In striking contrast, however, German companies have been extremely timid about acquiring elsewhere in Europe. They made 46 deals worth only Ecu300m, less than the value of cross-border acquisltions by companies from Sweden, Finland or Japan. Furthermore, more than half these deals by value were in one country, Spain.

Tha imhalance between inward and outward acquisitions was more pronounced than in any other country. While the former deals have been partly stimulated by sales of privata companias in advance changes in capital gains tax, the reluctance of large German companies to acquire elsewbere in Europe remains unexplained.

**Japan:** The survey confirms other indications that Japanese acquisitions in Europe are edging up gradually, though their scale remains modest – particularly in relation to Japan's investment surpluses.

In the first half of the year, Japanese companies made 15 acquisitions in Europe, with a disclosed value of Ecu531m.

More than half that amount was accounted for hy three deals: Bank of Yokohama's Ecu143m takeover of British merchant bank Gulnnesa Mahon; Kao's Ecu128m purchase of 75 per cent of Goldwell, a German hair care company; and Mitsnhishi Corporation's Ecu 76.5m acquisition of two British food companies, Princes and Trex.

*The 1992 M&A Monthly: 730 Fifth Avenue, Suite 1906, New York, NY 10019. Tel: (212) 265 7990. 99 Bishopsgate, 21st Floor, London EC2M 3XD. Tel: 01-821 6166.

# INTERNATIONAL COMPANIES AND FINANCE

## Copper and zinc demand help Asarco to progress

By Kenneth Gooding, Mining Correspondent

HIGHER REALISED prices for copper and zinc outweighed a fall in silver and lead prices and enabled Asarco, the largest metal refiner and smelter in the US, to increase second-quarter net earnings from a restated $43.4m or $1.03 a share to $50.8m or $1.20.

Mr Richard Osborne, chairman, said demand for the group's leading products remained strong: "Worldwide inventories of copper, lead and zinc are low and a moderate slowdown in economic growth should not result in an accumulation of excess stocks.

"On the other hand, with stocks this low, an improvement in the economy could cause a tightness of supply of these metals to reemerge."

He added that Asarco's cash-flow was good and enabled the company to acquire low-cost mining properties and to pursue its strategic goal of becoming self-sufficient in the metals it produced.

During the second quarter Asarco realised an average price of $1.27 a lb for refined copper, compared with $1.06 in the same months of 1988.

However, there was a drop in the realised price of lead from 32.4 cents a lb to 30.4 cents while that of silver slumped from $6.76 a troy ounce to $5.53.

## Salomon and Shearson make substantial gains

By Janet Bush in New York

SALOMON Brothers and Shearson Lehman Hutton, the Wall Street securities houses, yesterday reported substantially higher earnings in the second qnarter, partly reflecting an improvement to trading volume in US stock and bond markets.

Salomon achieved record net income of $253m or $1.89 a share, more than tripling the year-earlier figure of $80m. The company said profits improved across virtually all product lines.

The previous record was set in the first quarter of 1986 when Salomon earned $190m.

In the first six months of this year, net income was $225m or $1.54 a share, a little below the $253m or $1.68 a share achieved in the first half of 1988.

Salomon's securities business contributed $390m to second-quarter consolidated pre-tax earnings of $453m.

Also contributing to record earnings was another strong performance by Philbro Energy, which benefited particularly from higher prices and increased volatility in the crude oil market. Phibro achieved pre-tax earnings of $102m compared with $30m to the second quarter of 1988.

A return to profitability in non-ferrous metals trading helped Salomon's commodities dealing business to a $10m pre-tax profit compared with a loss of $55m in the first quarter.

Salomon'e corporate sector, which includes various operational expenses, contributed a $49m pre-tax loss compared with a $15m loss a year earlier. This was partly associated with the phasing-out of Salomon's commercial finance operations.

Shearson Lehman Hutton reported second-quarter net income of $55m, up 43 per cent from $39m in the year-ago quarter, on increased revennes of $3.3bn compared with $2.5bn.

The company said this improvement reflected a pick-up in investor activity and continued success in containing fixed expenses throughout the firm.

Commission revenues for the quarter were a record $533m, up from $383m a year earlier, while investment advisory revenues also set a record of $144m compared with $132m a year ago.

These strong performances more than offset a decline in investment banking revenues and lower net interest income.

Net income for the first half of 1989 totalled $40m, down 85 per cent from the same period last year. Shearson reported a net loss of $15m to the first quarter, which inclnded a $35.2m pre-tax write-down of MCorp securities but also reflected the impact of low investor participation in markets and the impact of higher interest rates.

## Sears, Roebuck up strongly at $391.2m net

By Deborah Hargreaves in Chicago

SEARS, Roebuck, the world's largest retailer, reported an increase in second-quarter income yesterday after gains in all its divisions and the sale of the Coldwell Banker real estate group'e commercial section.

Net income for the second quarter rose to $391.2m from $322.2m a year ago. Earnings per share increased by 30 per cent to $1.11 from 85 cents, as the company's ehare repurchase programme took effect. Sales rose 9 per cent to $13.28bn from last year's $12.16bn.

A $54.3m net gain resulted from the sale of part of Coldwell Banker, while last year'e second-quarter results included a loss of $16.1m from discontinued operations.

Sears showed an increase in first-half income to $648.9m from $487.1m against the same period a year ago, before a tax accounting change in last year's first quarter.

Earnings per share rose by more than 40 per cent to $1.81 from $1.28, while sales were up 10 per cent to $25.44bn from $23.12bn.

The retailer'e results have climbed from extremely poor levels last year and follow a major restructuring announced by the company in November.

The plan involved a move to "everyday low pricing" by Sears' merchandise group, a concept that is already paying off in higher earnings. Sears merchandise group reported a rise to second-quarter income to $161.6m from $157.6m.

The company's Allstate Insurance division saw income rise to $199.8m from $190.6m, but the division that showed the strongest second-quarter gain was the Dean Witter Financial Services group.

Earnings rose to $44.5m from $10.9m as the equities business recovered from 1987's stock market crash. Coldwell Banker Real Estate group posted a profit of $46.4m, up from $18.5m.

Mr Edward Brennan, Sears chairman, said that although he saw signs of slowing economic activity in the second qnarter, factors affecting consumers continoed to be positive.

"Recent reductions in interest rates should provide a psychological boost to consumer confidence, supporting general merchandise sales in the second half of the year and an improving real estate market."

Sears is still involved in negotiations to sell the world's tallest building, the Seare Tower in Chicago. Olympia and York, the Canadian development group, is dnbbed the likely buyer of the $1bn building.

Talks on the sale are believed to have stuck on Sears' insistence that the Toronto company keep the retailer's name on the landmark building.

The company ie even reported to have acquired permission to add a further 15 floors to the 110-storey tower – since plans to construct a taller building nearby were announced.

## ITT reports moderate increase

By Karen Zagor in New York

ITT, the largest US conglomerate, reported a moderate gain in second-quarter earnings as gains from several of the company's core businesses offset dramatic losses from its insurance operations.

The New York-based company, whose businesses range from antomotive products to hotels and insurance, said net profits for the three months rose 7 per cent to $244m or $1.65 a share from $228m or $1.58 a year earlier. Excluding all extraordinary items, net income rose 14 per cent in the quarter.

Sales revenues were marginally up at $5.2bn against $5bn a year ago. The company said sales were hurt by a reduction in domestic property and casualty premiums. The recent strength of the dollar also cut into ITT's profits.

For the first six months, net income was up 9 per cent to $444m or $3.05 a share, from $407m or $2.82, on revenues ahead 5 per cent at $10bn from $9.5bn a year earlier.

A "fresh start" tax benefit boosted the first half's profits by 11 cents a share compared with 16 cents a year earlier.

Operating income from the Hartford insurance operation fell eharply in the first six months, which ITT attributed to an industry-wide downturn. The company expects this softness to persist through the rest of the year.

Income from the group's product businesses rose across the board, led by ITT Automotive's brake and seat systems.

## Surge in oil business boosts USX

By Karen Zagor

USX, the big US steel and energy group, boosted second-quarter profits by 17.4 per cent as a surge in the oil business compensated for weaker results from the steel operations.

The Pittsburgh company said net income for the three months ended June 30 was $250m or 91 cents a share, against $213m or 74 cents the previous year. Sales rose 16.3 per cent to $4.96bn from $4.29bn.

For the first half, net income was $546m or $2 a share, an increase of around 60 per cent on $370m or $1.26 a year earlier. Sales improved 13.5 per cent to $9.4bn from $8.30.

In the energy business, operating income soared 137 per cent to $244m, on sales of $3.1bn, against $2.4bn. Powerful demand for refined oil products lifted Marathon's operating income to $257m from $119m on sales of $2.9bn from $2.2bn. Texas Oil and Gas rednced its operating loss by $3m to $13m.

Operating income for the steel operations fell 23.3 per cent to $171m from $223m, on sales which were flat at $1.6bn.

Mr Charles Corry, chairman, said: "The first-half results benefited from strong demand for refined petroleum products, higher average crude oil prices, asset sales and steady demand for most steel products."

## S African disposal hurts Mobil

By Karen Zagor

MOBIL, the large integrated US-based oil company, reported a sharp drop in second-quarter earnings, which it attributed to a loss on the sale of its South African operations.

Net income for the three months ended June 30 fell 23 per cent to $401m or 98 cents a share from $519m or $1.26 a year earlier, on flat revenues of $14bn.

For the first six months, net earnings were $830m or $2.02 a share, down 22 per cent from $1.07bn or $2.59 a year ago. Revenues were virtually unchanged at $28bn, against $27.9bn.

Excluding the $140m loss from the sale of Mobil's South African refinery and distribution operation, net income for the quarter rose 4 per cent, although first-half income fell 9 per cent without the South African loss.

Mobil reported a 22 per cent first-quarter loss, attributed to reduced refining and marketing margins.

US refining earnings were up 25 per cent in the first quarter to $111m from $89m thanks to improved refining operations and better margins.

Foreign refining and marketing earnings plunged $182m to show a loss of $11m, from a gain of $171m the previous year.

US exploration and production profits rose dramatically to $80m, up 54 per cent from a year earlier. The sector was helped by higher crude oil prices which offset lower natural gas prices.

Earnings were also helped by a 15 per cent increase in natural gas production. Foreign profits were $204m, down 1 per cent from $207m the previous year. The company said margins in Japan and Australia were lower than last year.

Chemical earnings showed a 14 per cent gain at $182m thanks to the sale of Mobil's interest in Octel Associated. Although petrochemical earnings remained strong in the quarter, the company noted a recent downturn in petrochemical prices, particularly polyethylene.

## Earnings slip at Nova halfway

By David Owen in Toronto

NOVA, the Canadian pipelines and petrochemicals gronp whose shares were recently listed on the London Stock Exchange, has reported lower quarterly earnings as a result of reduced contributions from domestic styrene, polyethylene and methanol production.

Second-quarter income totalled C$76m (US$64m) or 28 cents a share fully diluted, against C$88m or 37 cents in the corresponding year-earlier period.

Revenues virtually doubled to C$1.2bn – reflecting the acquisition of Polysar Energy & Chemical. In the second quarter of 1988, revennes were just C$624m.

The fast-growing but heavily-indebted company said that profite were also reduced by adverse currency fluctuations.

Over the six months ended June 30, earnings climbed 20 per cent to C$205m or 76 cents, compared with C$171m or 70 cents in 1988. Revenues again almost donbled to C$2.5bn from C$1.3bn.

Net income from pipelines rose, reflecting system expansion. Cash spending in 1989 for further pipeline growth is expected to amount to some C$440m.

The Calgary-based company cut long-term debt by around C$115m during the second quarter and by C$275m in the first half.

## Ashton-Tate suffers hefty loss

By Roderick Oram in New York

ASHTON-TATE, a leading US producer of software for personal computers, yesterday reported a plunge in revenues and a hefty loss in the second quarter. It also announced the resignation of its chief operating officer.

The net loss was $19.8m, or 75 cents a share; against net income of $11.5m, or 44 cents, a year earlier. Revenues dropped 17 per cent to $59.5m from $71.9m as its distribntors continned to cnt large inventories.

The loss reflected the downturn in revenues and an $8m, 30-cents-a-share write-off of product rights and inventories, mostly for the Decision Resources line of software it bought in 1986.

Mr Edward Esber, chairman and chief executive officer, said Mr Luther Nussbaum had resigned as president and chief operating officer over differences in management philosophy. Mr Esber will take on both jobs.

Ashton-Tate'e stock dropped $1⅛ to $14¼. Analysts had been expecting a stronger year from the company as it benefited from sales of its dBASE IV programme released last October.

● Microsoft, the leader in personal computer software, has reported a 51 per cent jump in its fiscal fourth-quarter net profits to $45.4m, or 80 cents, from $30m, or 54 cents, a year earlier. Revenues grew by 29 per cent to $220.2m from $170.5m.

For the fiscal year ended June 30, net profit was $170.5m, or $3.03, against $123.9m, or $2.22. Revenues were $803.5m against $590.8m.

● Computer Associates, the leading producer of software for mainframe compnters, turned in fiscal first-quarter net profits of $26.7m, or 16 cents a share, against $16.9m, or 10 cents. Revenues were $244m, against $185.7m.

## Eaton advances at halfway mark but sees setback

EATON CORPORATION, the US vehicle components and electrical controls group, made strong progress in the second quarter and half year, but the group warned that its markets were softening, writes Our Financial Staff.

The company, which has seven UK plants, took second-quarter net income to $63.4m from $46.6m last time, which lifted per-share earnings to $1.72 against $1.25. Sales jumped to $969.4m from $880.1m.

At the halfway stage net income rose to $130.6m, or $3.53 per share, on sales of $1.9bn, compared with net income of $106.9m or $2.86 last time on sales of $1.7bn.

Mr James Stover, Eaton chairman and chief executive officer, said: "Activity in our markets was good throughout the first half."

He added that the group was investing heavily in new prodncts and spending on capital projects was at record levels.

However, he warned: "There are now clear signs that there has been an easing of the vigorous demand that our vehicle component businesses has enjoyed for the last several years.

Mr Stover added: "Our electrical and electronic controls segment continnee to show strength, but this sector has tended historically to lag behind vehicle components in the business cycle."

## Unisys plummets on weak sales

By Roderick Oram

UNISYS' NET profits fell 67 per cent in the second quarter, undermined by price and demand problems for its computers and by a temporary US Government ban on its defence operations soliciting new business.

It forecast that second-half profits would be lower than a year earlier, reflecting growing caution "about the US business environment for both commercial computers and defence," Mr Michael Blumenthal, chairman, said.

Weaker demand and further inventory reductions would mean under-utilisation of its plants and higher costs. In addition, a stronger US dollar would continne to affect adversely its foreign earnings.

Net profit before preferred share dividends for the three months ended June 30 plunged to $53.6m from $152.3m a year earlier. Revenues rose by 8 per cent to $2.39bn from $2.57bn.

In local currency terms, foreign sales grew at a double digit rate, thanks to "strong customer acceptance" of new mainframe products and continuing demand for existing services, Mr Blumenthal said.

Unisys had reported a first-quarter loss of 38 cents a share. Coupled with the weaker second-quarter result, it leaves the company with a first-half loss of $25.1m, or 50 cents a share, against net profits of $311.6m, or $1.50. Revenues were $4.78bn against $4.76bn.

Payments of dividends on preferred shares made the second-quarter final profit $26.8m, or 17 cents a share, against $135.5m, or 84 cents, a year earlier; and the first-half loss $78.7m against a net profit of $258m, or $1.61.

● Martin Marietta, the US aerospace and defence systems group, saw second-quarter net income advance to $86.9m or $1.64 a share, against $81.4m or $1.53. Sales slipped to $1.43bn from $1.44bn.

The company said second-quarter results were particularly strong to the astronautics group, reflecting increasing production of the Titon IV, an expendable launch vehicle which had a successful first flight in June.

## NWA soars to record in second quarter

By Karen Zagor

NWA, parent of Northwest Airlines, the fourth-largest US carrier which last month agreed to be acquired for $3.65bn, has registered record second-quarter earnings.

Net income for the three months ended June 30 was $70.8m or $2.38 a share against $28.4m or 97 cents. Revenues were 19 per cent up at $1.65bn.

Six-month income was $83.3m or $2.82 a share against a loss of $15.1m or 52 cents in the first half of last year. Revenues for the period rose 20 per cent to $2.67bn from $2.27bn.

Passenger traffic in the quarter rose 16 per cent on a 16 per cent increase in capacity. The result was a load factor of 67 per cent. Revenue per passenger mile increased 3.2 per cent to 12.3 cents.

Operating revenues for freight increased 17 per cent to $132.6m, while operating expenses for the second quarter rose 15 per cent to $1.53bn.

Fuel, oil and expenses rose the most dramatically, up 21 per cent to $242.7m. Aircraft maintenance expenses posted a slight increase, up 2.5 per cent at $90.4m.

Shares in NWA rose $⅞ to $120¼ on the New York Stock Exchange after the results were announced. Analysts had been expecting a strong quarter from the airline industry as a whole thanks to high demand.

# INTERNATIONAL COMPANIES AND FINANCE

## Qantas chief leaves under cloud

By Chris Sherwell in Sydney

QANTAS, Anstralia's state-owned international flag carrier, is casting around for a new chief executive following the rancorous departure of Mr John Menadoa on Monday.

The shake-up has added to the problems hanging over the airline'a future. Qantas needs a A$600m (US$448.6m) equity injection to meet expansion costs, bnt the Government, which cannot afford this amount, has yet to grasp the privatisation nettle.

Also, the group has had difficulty recruiting skilled maintenance engineers, and has lost money due to a disruptive air traffic controllers' dispute.

In a brief statement, tbe directors of Qantas said that Mr Menadue's contract bad been "terminated by agreement prior to its expiration, notwithstanding bis desire to continue to serva out the term of his cootract."

The break marks the climax of a dispute arising from the Government's decision last year to make several government entities including Qantas operate more as commercial enterprises. Under the policy, private sector-style salaries could be paid only for executive jobs which are vacated and re-advertised.

Mr Menadue was apparently ready to leave his joh because of mounting conflict with the board. But the news of the salary policy leaked before the matter was settled. In the ensning confusion, the board denied that Mr Menadue had resigned, while Mr Menadue said tba board sbould defer the pay question and tackle the privatisation and borrowing issues.

Mr James Strong, Mr Menadue's counterpart at the domestic Australian Airlines, resigned from his job this year, re-applied, but then decided to take up another joh. He has since called the policy on executive pay unnecessarily cumbersome.

## Leaked Packer data reveal A$3bn empire

MR KERRY PACKER, tha Anstralian businessman involved in the £13bn (US$21.1bn) bid for BAT Industries – the British tobacco-based conglomerate – presides over a media, resources and property empire with assets of more than A$3bn (US$2.2bn) and annual pre-tax profits of around A$200m, according to figures leaked this week, writes Chris Sherwell.

Figures for Consolidated Press Holdings, his privately-owned flagship, show that the group's assets stand at A$3.1hn with liabilities at A$2.2bn, leaving shareholders' funds of almost A$900m. The figures, part of a background paper prepared by the company, were leaked to the local press.

In the year 1987-88, profit before tax and extraordinary items was said to be around A$200m, but was expected to be slightly lower in the year just ended. Net borrowings for the year were put at more than A$1.6bn. Six years ago, when Mr Packer took the group private, Consolidated Press Holdings had total assets of less than A$550m and a pre-tax profit of under A$17m.

The group's principal interests include more than 50 magazine titles and one of the largest US madia inserts companies. Each has a turnover of around A$500m. Other interests include: Chemplex, formerly Monsanto Australia, which produces styrene; the 49 per cent-owned Muswellbrook resources group; and an array of property assets.

Mr Packer hit the international spotlight when he sold his television and radio interests to Mr Alan Bond, the Perth financier, for A$1.05bn in early 1987. In his assault on BAT, he has teamed witb Sir James Goldsmith - a long-time friend - and Mr Jacob Rothschild as part of a strategy to diversify across many economies and currencies.

## Banks end Hooker Corp debt moratorium

HOOKER CORPORATION, a financially troubled Australian property and retail company with US interests, said yesterday that a group of bankers had terminated a four-month moratorium on its debt, AP-DJ reports from Sydney.

Under the moratorium, Hooker was not repaying principal on its debt, and the banks had agreed to renew maturing credit facilities when they fell due.

The moratorium was signed on July 7 and was to have ended on October 31.

Hooker said in a statement that one of the provisions of the moratorium was that tha banks would provide bridging finance to enable the company to continue operating while it sold assets to raise cash. "To date the banks have declined to make any such funds available," it said.

A task force of tba banks yesterday "advised the board that they had terminated the moratorium."

Hooker is taking legal advice on the banks' "refusal to provide funds and on the purported termination of the moratorium."

The statement added: "Preliminary advice is that the banks have not acted in accordance with their obligations under the moratorium."

It added that its board "will be doing everything in its power to protect the interests of all those associated with tha group."

Neither Hooker nor its banks explained wby tbe moratorium was ended, and the banks did not say whether they planned any immediate moves on their loans.

Hooker's assets totalled A$2.45bn (US$1.89bn) and liabilities A$1.92bn at March 31. Its bank debt totals A$1.6bn.

## Shake-up of Japanese food retail sector likely

By Ian Rodger in Tokyo

A SHAKE-UP of Japan's overcrowded food retailing sector looks likely, after the Tokyo district court yesterday granted an injunction to block a share-exchange plan by two supermarket operators.

The chains were aiming to defend themselves against an unwanted takeover bid.

The judgment could also become a landmark in Japanese corporate finance practice, which would maka it easier for outside interests – inclnding foreign companies – to penetrate the tight shareholding arrangements that up to now have protected Japanese companies from hostile takeover hids.

The case arose as a result of Shnwa, a fast-growing private Japanese property and supermarket group, acquiring significant minority share stakes in four family-owned snpermarket operators over the last year and a half.

Two weeks ago, two of these companies, Chujitsuya and Inageya, announced a plan to protect themselves from Shnwa. Under the scheme, each would sell the other large quantities of its shares at deeply discounted prices.

Shuwa responded by seeking an injunction from the Tokyo district court to prevent the sbare exchanges – on tha ground that the terms were prejudicial to the two companies' other sbarebolders and therefore a violation of the commercial code.

The Chujitsuya shares were being offered et abont a fifth of current market prices, while the Inageya shares were being offered at about a third of their market price.

Mr Kazno Yamaguchi, the presiding judge, accepted Shuwa's argument, saying that the proposed issne prices of the shares were so much lower than market prices that they amounted to illegal favonrs. He observed that the two companies were not so weak that thay were in desperate need of capital injections and said that they should bave called shareholders' meetings

Mr Shigeru Kobayashi, president of Shuwa, said at a press conference that this was "an epocb-making decision" and would help rednce foreign criticism of the difficulties in gaining access to management stakes in Japanese companies.

Mr Kobayashi, speaking at a press conference in Tokyo, said Shnwa would seek a negotiated settlement witb Chujitsuya and Inageya and would continue to pursne its plan for a big re-organisation of tha food retailing industry. If the two companles remained unfriendly, Sbuwa might take up offers of assistance from top exectives of Daiei and Ito-Yokado, two larger supermarket operators.

Chujitsuya and Inageya said in a joint statement that tbey would not appeal against the court jndgment. Tbey would withdraw their plans for a capital exchange hut would continue to do tbeir utmost to block Sbnwa's plan for merging them and two other companies to form a large supermarket group. Last week the two announced a plan to set up a freab-food pnrchasing joint venture, and they have beeo studying other joint projects.

## Molson provides A$150m to keep Elders secure

MOLSON COMPANIES, the Canadian brewer, is committing up to A$150m (US$112.1m) to a plan to secure the hold of tbe existing management on Elders IXL, the Australian beer and investment company with which it is combining its brewing interests.

Molson said it would invest the funds in equity and long-term debt financing at Harlin Holdings, a private company through which Mr John Elliott, Elders chairman, and his executives bold nearly a quarter of the Melbourne-based producer of Foster's lager.

Harlin plans to make a A$5.5bn general offer for Elders shares, pitched at A$3 per share. The closing price yesterday was A$2.97.

Mr Elliott expects to secure only a minority of tbe public shareholding in Elders through the bid. It is being made largely to facilitate a deal under which Harlin is underwriting a disbursemeot of the 18 per cent tranche of Elders held by Petitio, a joint venture between AFP Group and Goodmau Fielder Wattle.

Molson said that if all funds were used, its interest in Harlin would be 5.5 per ceot.

Hongkong and Shangbai Banking Corporation is leading the debt financing and may also take equity. Citicorp, Prudential Bache Interfunding and Cie Financière de Suez were also named as willing to provide Harlin debt or equity.

## Underground investment house makes assets public

FOR THE first time, Taiwan's second largest underground investment house has made its assets public and offered a glimpse into the 'country's lucrative black economy, Reuter reports from Taipei.

Officials of tbe Fortune Group, like other underground houses squirming under a new banking law tbat restricts their activities, said that the company wes opening its assets for examination by a standing committee composed of investors.

"We are a legal and honest company, unlike most of the so-called underground investment companies. That is why we are doing this," said Mr Ouyang Shan, a Fortune official.

Most of Taiwao's 200 underground investment companies froze cash withdrawals after panicky investors drained their vaults of cash following passage of the banking law on July 11.

Tbe law bans onlicensed companies from taking deposits and paying interest, practices which have earned the underground firms billions of dollars aod catapulted them into the top league of Taiwan business.

According to a company statemcot, Fortune ia now worth NT$57bo (US$2.2bn), of which NT$40bn was directly invested by depositors.

"This [Fortune's assets] shows therc is no cash-flow problcm," Mr Ouyang said, adding that the investors' committee would ask outside accountants and lawyers to review the ledgers. The company did not make its debts public.

The publication has given a glimpse of a high-flying world where operations were shrouded in secrecy and tax, accounting and securities laws were flouted.

Fortune's assets include factories, office buildings, a charter airline, a string of deluxe restaurants, a Hong Kong hotel, a popular Taipei discotheque, tracts of land in Taiwan and Bangkok and a lumber processing plant in Fiji.

Other underground companies, including the maasive Hung Yuan Group, have not followed Fortune's lead so far.

Hung Yuan has said it will make a full report to its investors once all its documents have beeo put in order. Company officials say this will take at least two months.

● Taiwan's Central Bank yesterday announced that a government credit squeeze succeeded in reducing the annual growth of M-1B money supply in Juna to 7.6 per cent, seasonally adjusted, John Elliott adds.

This is the smallest increase for nearly four years and compares with annual growth figures of over 30 per cent last year. M-1B, which takes in cash in circulation plus deposits in current and savings accounts, amounted to NT$1,849.7bn at the end of June.

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# More Power from Ideas.

Ideas are the driving force behind every successful merger and acquisition. And the power of an idea is never put to a greater test than in a challenging market like the first half of 1989. In this environment, clients rely on both innovation and performance. Consistent performance.

To generate results you need a team with a full complement of key resources. Brains. Experience. Persistence. And capital. First Boston and Credit Suisse First Boston have that team with over 190 professionals dedicated exclusively to serving M&A clients. Worldwide.

We have worked for companies in every major industry in every significant M&A area. Often this has required First Boston or Credit Suisse First Boston to arrange the financing or commit substantial amounts of our own capital. We're ready to make these commitments because we know that they can be the difference between an attempt and a transaction. And that is our job. To help clients develop ideas into results. Successful results like the ones on these three pages.

**First Half 1989 Results:***

First in number of global transactions completed.
First in number of U.S. transactions completed.
First in number of cross-border transactions completed.
First in number of transactions completed over $100 million.
First in number of transactions completed over $1 billion.
First in number of successful takeover defenses.

*Source: Securities Data Company

## Acquisitions

| CS First Boston Client | Description of Transaction | Approximate Size of Transaction |
|---|---|---|
| Adams Publishing Acquisition Corp. | Acquisition of Trailer Life Group from American Bakeries Company | $ 138,000,000 |
| Arkla, Inc. | Acquisition of Louisiana Intrastate Gas Corp. from a group of Private Investors | 180,000,000 |
| Australian Capital Equity (USA), Inc. | Acquisition of ProGroup, Inc. (Pending) | 44,000,000 |
| Canada Malting Co. Limited | Acquisition of Great Western Malting Company from Penwest, Ltd. | 125,000,000 |
| Central Co-operative Bank | Merger for Cash with Somerset Bankshares Inc. (Pending) | 38,000,000 |
| Cipher Data Products, Inc. | Cash Tender Offer for Irwin Magnetic Systems, Inc. | 76,000,000 |
| Consolidated Freightways, Inc. | Cash Tender Offer for Emery Air Freight Corporation | 230,000,000 |
| Consolidated Natural Gas Company | Joint Acquisition of Mark Producing, Inc. with Japex (U.S.) Corp. from Veba Oil AG (Pending) | 245,000,000 |
| Consolidated Natural Gas Company | Acquisition of Virginia Natural Gas from Dominion Resources Inc. | 160,000,000 |
| Constellation Bancorp | Merger for Common Stock with New Brunswick Savings Bank | 50,000,000 |
| Costain Group PLC | Acquisition of Pyro Energy Corp. (Pending) | 193,000,000 |
| Electrolux Corporation | Acquisition of the Operating Assets of The Regina Company, Inc. | 65,000,000 |
| Encore Computer Corporation | Acquisition of Computer Systems Division from Gould Inc. (Pending) | 148,000,000 |
| FB Briggs, a new Corporation organized by First Boston Investments, Inc. and Management | Leveraged Buyout from J.P. Industries, Inc., with First Boston, First Boston Mezzanine Investment Partnership and Management as Investors | 76,000,000 |
| First Financial Management Corporation | Acquisition of Georgia Federal Bank, FSB from Fuqua Industries, Inc. | 242,000,000 |
| First Security Corporation | Merger for Cash with Twin Falls Bank & Trust Company (Pending) | Not disclosed |
| GP Group Acquisition Corporation, a New Corporation formed by Boston Ventures Limited Partnership III and IIIA and Macfadden Holdings, Inc. | Acquisition of GP Group, Inc. | 412,000,000 |
| Georgia US Corp., a subsidiary of Nationale-Nederlanden NV | Acquisition of Southland Life Insurance Company from The Franklin Life Insurance Company, a subsidiary of American Brands, Inc. | 433,000,000 |
| Gibbons, Green, van Amerongen, L.P. | Cash Tender Offer for The Ohio Mattress Company | 941,000,000 |
| IMA Holding Corp., a new Corporation organized by First Boston Investments, Inc. and GKH Partners, L.P. | Leveraged Buyout of American Medical International, Inc. (Pending) | 1,952,000,000 |
| Imperial Oil Ltd. | Cash Tender Offer fpr Texaco Canada Inc. | 4,150,000,000 |
| Kaufman & Broad, Inc. | Acquisition of Annuity Operations of Commercial Life Insurance Company from The Continental Corporation | 65,000,000 |
| Kawasaki Steel Corporation | Purchase of 40% Interest in Armco Steel Company, L.P., a limited partnership with Armco Inc., to own and operate Armco's former Eastern Steel Division | 350,000,000 |

# First Half 1989 Results (Continued)

| CS First Boston Client | Description of Transaction | Approximate Size of Transaction |
|---|---|---|
| King Videocable Company | Acquisition of Suburban Cablevision Company from Hauser Communications, Inc. (Pending) | Not disclosed |
| M/A-COM, Inc. | Acquisition of Adams-Russell, Inc. (Pending) | $ 80,000,000 |
| Miles Inc., a subsidiary of Bayer USA Inc. | Acquisition of Cooper Technicon, Inc. from Cooper Companies, Inc. | 187,000,000 |
| Naamloze Vennootschap DSM | Acquisition of Copolymer Rubber & Chemical Corporation from Mark IV Industries, Inc. | 250,000,000 |
| National Westminster Bancorp Inc. | Merger for Cash with Ultra Bancorporation (Pending) | 282,000,000 |
| Océ-van der Grinten N.V. | Acquisition of Graphics Division from Schlumberger Limited (Pending) | Not disclosed |
| Outlet Communications, Inc. | Merger for Cash and Securities with Adin Communications, Inc. | Not disclosed |
| PacifiCorp | Merger for Common Stock with Utah Power & Light Company | 1,900,000,000 |
| QFB Partners, a Joint Venture of Quantum Chemical Corporation and First Boston Investments, Inc. | Leveraged Buyout of Petrolane Incorporated and Petrolane Partners, L.P. (Pending) | 1,180,000,000 |
| SCEcorp | Merger for Common Stock with San Diego Gas & Electric Company (Pending) | 2,560,000,000 |
| SGS-Thomson Microelectronics B.V. | Acquisition of INMOS Ltd. and Semiconductor Assets from Thorn EMI North America, Inc. | Not disclosed |
| STC PLC | Cash Tender Offer for Computer Consoles, Inc. | 168,000,000 |
| Sage Acquisition Corporation | Acquisition of Remaining 31.1% Equity Interest in Sage Energy Company | 20,000,000 |
| The Charles Schwab Corporation | Acquisition of Rose & Co. Investment Brokers Inc. from The Chase Manhattan Corporation | 37,000,000 |
| Society Corp. | Merger for Common Stock with Trustcorp, Inc. (Pending) | 503,000,000 |
| Stone Container Corporation | Cash Tender Offer for Consolidated-Bathurst Inc. | 2,200,000,000 |
| Sumitomo Metal Industries, Ltd. | Purchase of Equity Interest in Lam Research Corp. | 5,000,000 |
| Swiss Air Transport Company Ltd. | Acquisition of 5% Equity Interest in Delta Air Lines, Inc. (Pending) | 193,000,000 |
| Tokio Marine & Fire Insurance Company | Acquisition of 40% Equity Interest in First Insurance Company of Hawaii from The Continental Corporation | 28,000,000 |
| UNUM Corporation | Acquisition of Commercial Life Insurance Company from The Continental Corporation | 179,000,000 |
| WCI Holdings Corporation | Cash Tender Offer/Merger for Preferred Stock for Wickes Companies, Inc. | 538,000,000 |

## Corporate Sales and Divestitures

| | | |
|---|---|---|
| ADVANTA Corp. | Divestiture of Selected Assets of Colonial Credit Card Trust 1988-A to Household Bank, N.A. | Not disclosed |
| Adiainvest S.A. | Sale of Company to Inspectorate International Ltd. | Not disclosed |
| Aetna Life and Casualty Company | Divestiture of Aetna Life and Casualty Ltd. to Prudential Corporation PLC | $ 94,000,000 |
| American General Corporation | Divestiture of Maryland Casualty Company to Zurich Insurance Company | 740,000,000 |
| American Standard, Inc. | Divestiture of The Fluid Powers Product Group to Mannesmann AG | Not disclosed |
| American Standard, Inc. | Divestiture of Steelcraft Division to Masco Industries, Inc. | Not disclosed |
| Arkansas Best Corporation | Divestiture of Riverside Furniture Corporation to an affiliate of McKane Robbins & Co. | Not disclosed |
| BMA Corporation | Divestiture of KDVR-TV Denver (CO) to Chase Communications Inc. (Pending) | 12,000,000 |
| Baker Hughes Incorporated | Divestiture of Mining Equipment Group to OY Tampella AB (Pending) | Not disclosed |
| Bank of Delaware Corporation | Merger for Common Stock with PNC Financial Corporation | 230,000,000 |
| Barry Wright Corporation | Sale of Company to Applied Power Inc. | 125,000,000 |
| Becton, Dickinson and Company | Divestiture of Edmont Division to Pacific Dunlop Ltd. | 228,000,000 |
| H.N. and Frances C. Berger Foundation | Sale of Sacramento Savings and Loan Association to Alleghany Corporation (Pending) | 150,000,000 |
| CIS Corporation | Divestiture of Canadian operations to Manufacturer Finance Programs Ltd. (Pending) | 18,000,000 |
| CPG International, Inc. | Sale of Company to Charterhouse Group International, Inc. | 75,000,000 |
| CS First Boston Inc. | Sale of 10% Equity Interest to Metropolitan Life Insurance Company | Not disclosed |
| CSX Corporation | Divestiture of Texas Gas Transmission Corp. to Transco Energy Company | 571,000,000 |
| Camellia City Telecasters, Inc., a wholly-owned subsidiary of BMA Corporation | Divestiture of assets of KTXL-TV Sacramento (CA) to Renaissance Communications Corp. | 56,000,000 |
| Campeau Corporation | Divestiture of AnnTaylor, Inc., a subsidiary of Allied Stores Corporation, to AnnTaylor Holdings, Inc. | 430,000,000 |
| Campeau Corporation | Divestiture of The Children's Place Retail Stores, Inc., a subsidiary of Federated Department Stores, Inc., to TCP Acquisition Corp. | 26,000,000 |
| The Cherokee Group | Sale of Company to Green Acquisition Co. | 171,000,000 |
| Control Data Corporation | Divestiture of Imprimis Technology Inc. to Seagate Technology Inc. (Pending) | 450,000,000 |
| C3, Inc. | Sale of Company to Knoll Capital Management | 127,000,000 |
| The E.W. Scripps Company | Divestiture of The Sun-Tattler to DTH Media, Inc. | Not disclosed |
| Elders IXL Ltd. | Sale of Company to Harlin Holdings Pty. Ltd. (Pending) | 4,200,000,000 |
| Empire of America Federal Savings Bank | Divestiture of Credit Card Portfolio to Citibank (South Dakota), N.A. | Not disclosed |
| Fairchild Industries, Inc. | Sale of Company to Banner Industries, Inc. | 275,000,000 |
| Fairchild Industries, Inc. | Divestiture of Fairchild Industrial Products Co. to Investor Group including Management | Not disclosed |
| Falstaff Brewing Corp. | Sale of Company to S&P Company | 79,000,000 |
| Federal Savings Bank of Puerto Rico | Merger for Cash with Banco Santander Puerto Rico | 100,000,000 |
| First Brands Corporation | Divestiture of European Household Products Operations to The Dow Chemical Company | Not disclosed |
| GAF Corporation | Sale of Company ro Management Group led by Samuel J. Heyman | 1,574,000,000 |
| General Cinema Corporation | Divestiture of General Cinema Beverages, Inc. to PepsiCo, Inc. | 1,750,000,000 |
| Grumbacher, Inc. | Sale of Company to Empire Berol Corporation | 14,000,000 |
| F. Hoffmann-La Roche & Co. Limited Company | Divestiture of Kontron Electronics to BMW Intec Beteiligungs GmbH (BMW AG) | Not disclosed |
| F. Hoffmann-La Roche & Co. Limited Company | Divestiture of Kontron Instruments to an Investor Group organized by Baring Capital Investors | Not disclosed |
| Horizon Bancorp | Sale of Company to Chemical Bank Corporation | 465,000,000 |
| Kollmorgen Corporation | Sale of Company to Vernitron Corporation (Pending) | 297,000,000 |
| Louisiana Land & Exploration | Divestiture of certain oil and gas properties to Various Buyers (Pending) | Not disclosed |
| M/A-COM, Inc. | Divestiture of Government Systems Division to an Investor Group (Pending) | 71,000,000 |
| Maxus Energy Corporation | Divestiture of Maxus Energy Canada Ltd. to Kerr-McGee Corporation | 142,000,000 |
| Meritor Savings Bank | Divestiture of Meritor Mortgage Corporation-West to Mortgage Servicing Trust | Not disclosed |
| Meritor Savings Bank | Divestiture of Meritor Credit Card Operation to The Chase Manhattan Bank (USA), N.A. | Not disclosed |
| Meritor Savings Bank | Divestiture of Meritor Credit Corporation to Ford Motor Credit Company | Not disclosed |
| NWA Inc. | Sale of Company to Wings Holdings Inc. (Pending) | 3,600,000,000 |

| CS First Boston Client | Description of Transaction | Approximate Size of Transaction |
|---|---|---|
| New England Life Insurance Company and Guardian Royal Exchange Assurance plc | Divestiture of 51% Equity Interest in Connecticut National Life Insurance Company (Pending) | Not disclosed |
| The New York Times Company | Divestiture of NYT Cable to Garden State Cablevision, L.P. (Pending) | $ 420,000,000 |
| Normick Perron Inc. | Sale of Company to Noranda Forest Inc. (Pending) | 100,000,000 |
| PPG Industries, Inc. | Divestiture of PPG's 50% Equity Interest in Fiberglas Canada Inc. to Manson Insulation Inc. (Pending) | 200,000,000 |
| Pegasus Broadcasting, Inc. | Divestiture of WTVM-TV Columbus (GA) to American Family Broadcasting Group | 45,000,000 |
| The Pillsbury Company | Sale of Company to Grand Metropolitan PLC | 5,574,000,000 |
| Prime Computer, Inc. | Sale of Company to DR Holdings Inc., a subsidiary of J.H. Whitney & Company (Pending) | 1,497,000,000 |
| Quantum Chemical Corporation | Divestiture of Emery Division to Henkel Corporation | 480,000,000 |
| Ransburg Corporation | Sale of Company to Illinois Tool Works, Inc. | 177,000,000 |
| Ransburg Corporation | Divestiture of Maschinenfabrik GmbH to Matuschka Group | Not disclosed |
| Republic American Corporation | Merger for Cash with Penn Central Corporation | 290,000,000 |
| Rock Island Refining Company | Merger for Cash with Marathon Petroleum Company | Not disclosed |
| Security Pacific Corp. | Sale of 5% Equity Interest in Consumer and Commercial Services Groups of Security Pacific Financial Services System, Inc. to Mitsui Bank Ltd. (Pending) | 100,000,000 |
| Sound Warehouse Inc. | Merger for Cash with Shamrock Holdings, Inc. | 133,000,000 |
| Swiss Air Transport Company Ltd. | Sale of 5% Equity Interest to Delta Air Lines, Inc. (Pending) | Not disclosed |
| TW Services, Inc. | Sale of Company to SWT Associates, L.P. (Pending) | 1,690,000,000 |
| Tenneco, Inc. | Sale of Tenneco Oil Company and certain related businesses to Various Purchasers | 7,300,000,000 |
| Texas Eastern Corporation | Sale of Company to Panhandle Eastern Corporation | 3,223,000,000 |
| Texas Eastern Corporation | Divestiture of North Sea Oil and Gas Assets to Enterprise Oil PLC (Pending) | 1,400,000,000 |
| Texas Eastern Corporation | Divestiture of 50% interest in Eastman Christensen to Norton Company | 115,000,000 |
| Tiger International, Inc. | Sale of Company to Federal Express Corporation | 852,000,000 |
| Travelers Corporation | Divestiture of Keystone Provident Life Insurance Company to Liberty Mutual Insurance Company | Not disclosed |
| WCI Holdings Corporation | Divestiture of Wickes Furniture, a Division of Wickes Companies, Inc., to WIXF Corp., a Company organized by Kelso & Company, Management and certain Institutional Investors | 158,000,000 |
| WCI Holdings Corporation | Divestiture of Orchard Supply Hardware, a Division of Wickes Companies, Inc., to OSH Acquisition Corporation, a Company formed by Management and Freeman Spogli & Co. | 134,000,000 |
| Wardair Inc. | Sale of Company to PWA Corporation | 207,000,000 |
| WestMarc Communications, Inc. Shareholders | Merger for Cash and Securities of remaining 25% interest with Tele-Communications, Inc. | 202,000,000 |

## Restructurings, Takeover Defenses and Other Advisory Services

| | | |
|---|---|---|
| Affiliated Publications, Inc. | Spinoff of API Print Corporation/Merger for Common Stock with McCaw Cellular Communications | $ 2,898,000,000 |
| Alco Standard Corporation | Advice with respect to the sale of its Equity Interest in Alco Health Services Corporation to AHSC Holdings Corporation (Pending) | 525,000,000 |
| BHC, Inc., a subsidiary of Chris-Craft Industries, Inc. | Advice with respect to its Equity Interest in Warner Communications, Inc., regarding Time Incorporated's Tender Offer (Pending) | 14,109,000,000 |
| The Citizens and Southern Corporation | Advice with respect to offer from NCNB Corporation | 2,401,000,000 |
| Committee of Dalkon Shield Claimants | Advisors to Claimants in American Home Products Corporation's acquisition of A.H. Robins Company, Inc. (Pending) | 3,300,000,000 |
| Consolidated Gold Fields PLC | Advice with respect to offers from Minorco S.A. (offer lapsed) and Hanson PLC | 5,400,000,000 |
| Ekco Group, Inc. | Repurchase of 8.6% Equity Interest from Sonar Partners | 5,000,000 |
| Ethyl Corporation | Spinoff of Aluminum, Energy and Plastics Businesses | 175,000,000 |
| Fairchild Industries, Inc. | Repurchase of 25% Equity Interest from Quantum Fund, N.V. and Certain Affiliated Investors | 75,000,000 |
| Her Majesty the Queen in Right of New Zealand | Privatization of Air New Zealand Limited acquired by a consortium comprised of Brierley Investments Limited, Qantas Airways Limited, AMR Corp. and Japan Air Lines Co. Ltd. | 420,000,000 |
| Hercules, Inc. | Advice with respect to purchase of remaining interest in Aqualon Group | 210,000,000 |
| Kaufman & Broad, Inc. | Restructuring/Spin-off of Kaufman & Broad Home Corp. | 300,000,000 |
| Lockheed Corporation | Restructuring (Pending) | Not disclosed |
| Madison Gas & Electric Company | Advice with respect to offer from WPL Holdings, Inc. | 280,000,000 |
| McBain, Rose Partners | Recapitalization of Flexible Technologies | Not disclosed |
| Public Service Company of New Hampshire | Restructuring (Pending) | Not disclosed |
| Quantum Chemical Corporation | Recapitalization involving payment of special dividend | 1,150,000,000 |
| Recognition Equipment | Advice with respect to offer from Prospect Group (Pending) | 112,000,000 |
| Tyler Corporation | Fairness Opinion with Respect to the Sale of Reliance Universal, Inc. to Akzo N.V. (Pending) | 265,000,000 |
| UAL Corporation | Sale of 49.5% Equity Interest in the Covia Partnership to Alitalia, British Airways, KLM Royal Dutch Airlines, Swissair and USAir, Inc. | 500,000,000 |
| Union Pacific Corporation | Participation as an Equity Investor in a Company organized by Blackstone Capital Partners L.P. and other Investors to acquire CNW Corporation (Pending) | 933,000,000 |
| Wesray Capital Corporation | Sale of Avis, Inc. Preferred Stock to Avis on behalf of Employee Stock Ownership Plan | Not disclosed |
| Wesray Capital Corporation | Sale of Equity Interest in Simmons Bedding to Employee Stock Ownership Plan | Not disclosed |

# First Ideas, Then Results.

CS FIRST BOSTON GROUP

# INTERNATIONAL CAPITAL MARKETS

## Eurobonds dull as issuers wait for US GNP data

By Andrew Freeman

NEW ISSUE activity ground to a virtual halt on the Eurobond market, as a combinatioo of factors restrained issuing opportunities. In the dollar sector, the market is awaiting Thursday's US GNP figures, but however these figures are interpreted, tha lack of arbitrage opportunities makes it unlikely there will be many deals.

### INTERNATIONAL BONDS

In addition, the relatively heavy issue volume over the last two weeks has left syndicate managers with plenty of paper to place. Tha nearer August approaches, the less retail demand there is for bonds and the harder distribution becomes.

Merrill Lynch was the lead manager of a C$150m five-year issue for Abbey National Treasury Services, the company's first Eurobond deal since its conversion from building society status. The bonds came with a 10¼ per cent coupon and were priced at 101⅝ to yield 73 basis points over Canadian Treasuries.

The paper was trading at less 1⅛ bid, a discount equivalent to underwriting commissions. A Merrill official said there was still pent-up demand for Canadian dollar bonds after a long period of dearth, but other houses were less confident and thought there was still paper around from the recent BNP and Royal Trust deals.

The lead manager would not comment, but it is understood tha proceeds were swapped into floating-rate US dollars to achieve Abbey National's funding target of around 12½ basis points (⅛ point) below Libor.

Two Japaoese equity warrant deals bad good debuts, both trading at 105 bid, representing very healthy premiums to the par issue prices.

Nomura's Y10bn deal for Fujikura International was described by the lead manager as effectively a private placement. Tha boods will ba redeemed in US dollars at a fixed exchange rate.

In Germany, the expected DM100m seven-year deal for Electricidade de Portugal was brought by Bank of Tokyo. The state-owned utility's first Eurobond deal had a fine reception.

Late in the day the lead manager was qooting the bonds at less 0.45 bid, way inside underwriting commissions of 2¼ per cent. At that level the paper was yielding 6.84 per cent, compared with the yield on recent Bunds of around 6.67 per cent. The proceeds were swapped into floating-rate D-marks.

Demand was mainly retail as German investors tried to take advantage of a tax break which gave them a pick-up oo what were otherwise considered to be rather tight terms.

The tax advantage is in the form of a 15 per cent reduction in notional witholding tax which the German Government offers as an incentive to socourage investment in selected countries.

In Switzerland yesterday, the market enjoyed the launch of the first Japanese equity warrant deal since the June postponement of the SFr150m issue for Shimano Industrial. That deal had an indicated coupon of 2 per cent.

Yesterday's issue was for Denki Kagaku Kogyo, and was launched by Banque Paribas with an indicated coupon of 2¾ per ceot.

The last coupon fixed on a deal for a Japanese borrower was 2⅝ per cent.

Tha Denki bonds had a solid reception against a good performance by the Tokyo stock market and the paper was trading at less 1¼ bid, inside fees. The ex-warrant bonds were in steady demand for their yield of 6.60 per cent.

## Enimont issue set to raise L1,200bn

By Andrew Baxter in Milan

THE loog-awaited international equity issue of a 20 per cent stake in Enimont, the big Italian chemicals group, is set to go ahead this autumn with shares priced at a 30 to 40 per ceot premium to par value, to raise as much as L1,200bn.

The names of the underwriters of the issue, which will be one of the largest since the 1987 stock market crash, are due to be announced in the next few days by the three global co-ordinators, Mediobanca, Crediop and IMI. These Italian financial institutions will form three of 14 underwriters to the issue in Italy, where around 55 per cent of tha 850m shares on offer are due to be sold.

An Enimont official indicated yesterday that around 40 to 50 institutions could be involved in the issoa worldwide, based on comparisons with othar similar equity issues.

Enimont is the joint venture formed earlier this year through the combination of state-owned ENI's Eoichem chemicals subsidiary and certain base and fine chemical businesses of Montedison, the private sector company controlled by Mr Raoul Gardini's Ferruzzi group.

ENI and Mootedison will each hold 40 per ceot of the joint veoture after the issue.

Mr Sergio Cragnotti, Enimont's managing director, said the joint veoture would represent up to 30 per cent of the market capitalisation of Milan Bourse-quoted chemical concerns.

The 31 companies currently in this sector havs a total market capitalisation of about $12bn and an average price earnings ratio of 13.5,compared with a prospective price earnings ratio of about six for Enimont.

The new shares will raise the number of Enimoot shares outstanding from 3.4bn to 4.25bn and have a par value of L1,000.

They will be listed in Milan and on the London Seaq International system.

Mr Cragnotti said the issue was one element of a two-part strategy to improve the company's financial ratios. The money raised, along with expected net profits of L1,000bn this year, would contribute to reducing the company's debt equity ratio from two-to-one to less than one-to-one by the end of this year.

At the same time, the two initial shareholders have agreed to waive dividends for at least three years, allowing Enimont to retain more cash for investment.

By contrast, the new shareholders will receive a dividend for all 1989 even though they will not have to pay for the shares at least until September.

Mr Cragnotti said this would raise the effective 1989 dividend yield above the average of 3.5 per cent for Milan-quoted chemical companies.

Foreign and domestic financial institutions are currently being solicited by the global co-ordinators to act as underwriters.

The intention is for a public issue in Italy and for an institutional placement internationally, with a private placement in the US.

However, Enimont is keen for the shares to end up in individuals' hands in markets where there is a strong retail sector, such as Switzerland and West Germany. Morgan Stanley is advising oo the international segmeot of the issue.

The issue is being directed mainly at European investors, partly to reflect and accompaoy Enimont's ambitious European expansion plans ahead of the 1992 EC internal market.

Complex provisions for a realignment of the joint venture after three years could lead to either ENI or Montedisoo having majority control eventually or even to the joint venture being established after six years, but officials are confident that this would not effect investor potentials.

Indeed Mr Cragnotti said Enimont felt ready to be a public company and that its programme of rationalisation and staodardisation would allow it to offset any adverse effects of a downturo in the worldwide chemicals industry.

Mr Lorenzo Netti, Enimont's chairman expressed confidence that the company would be able to push through its planned ratiooalisation measures – it wants to cut its workforce of 50,000 by 10 per cent over the next few months – in spite of any political pressures from Rome.

Roadshows of the issue are dne to begin in September when the company will reveal further details of its recent financial performance.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| CANADIAN DOLLARS | | | | | | |
| Abbey National(a)◆ | 150 | 10¼ | 101⅝ | 1994 | 1⅞/1¼ | Merrill Lynch |
| US DOLLARS | | | | | | |
| *Daicel Chemical Ind.*♦ | 300 | (4⅛) | 100 | 1993 | 2⅛/1½ | Nomura Int. |
| Parco Co.♦ | 120 | (4⅜) | 100 | 1993 | 2¼/1½ | Daiwa Europe |
| Bank of Scotland(f)◆◆ | 300 | 40bp | 100 | Undated | n/a | Merrill Lynch |
| D-MARKS | | | | | | |
| *Electricidade de Portugal*◆ | 100 | 7⅛ | 102 | 1996 | 2¼/1½ | Bank of Tokyo |
| SWISS FRANCS | | | | | | |
| Parco Co.(b)★★§ | 200 | Zero | 100 | 1993 | 1½ | Credit Suisse |
| Denki Kagaku Kogyo(c)★★♦ | 200 | (2¾) | 100 | 1993 | 1½ | Banque Paribas (Suisse) |
| Atsugi Nylon Ind.(d)★★§◆ | 400 | ¾ | *100* | *1994* | 1⅝ | *SBC* |
| YEN | | | | | | |
| Fujikura Int.(e)◆ | 10bn | 8 | 101¾ | 1995 | 1⅞/1¼ | Nomura Int. |

★★Private placement. ♦With equity warrants. §Convertible. ◆Variable rate notes. ◆Final terms. a) Non-callable. b) Coupon fixed. Yield to put 3.847%. c) Call August 1990 at 101½ declining ½% p.a. d) Coupon fixed as indicated. Yield to put 3.937% (indicated 4.338%). e) Redemption in US$. f) 40bp over 3-month Libor. Alternative margin 1% over Libor years 1-10, then 1⅛%.

### FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on July 25

| US DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alberta 9½ 95 | 600 | 103½ | 103⅞ | +0⅛ | +0⅛ | 8.56 |
| Austria 9⅛ 93 | 140 | 103 | 103⅜ | +0⅛ | +0⅛ | 8.56 |
| B.F.C.E. 7 92 | 150 | 96¼ | 96⅝ | 0 | +0⅛ | 8.48 |
| B.F.C.E. 9¼ 95 | 150 | 103 | 103½ | +0⅛ | +0⅛ | 8.55 |
| Brit. Tel. Fin. 9¾ 98 | 250 | 103½ | 104⅛ | 0 | +0⅛ | 8.76 |
| BP America 9¾ 99 | 250 | †104⅜ | 104⅞ | -0⅛ | -1⅛ | 9.01 |
| Canada 9 96 | 1000 | 103¼ | 103⅝ | +0⅛ | 0 | 8.27 |
| Canadian Pac 10⅛ 95 | 100 | †102¼ | 102⅝ | 0 | +0⅛ | 9.93 |
| C.C.C.E 9¼ 95 | 300 | 102⅝ | 103⅛ | 0 | -0⅛ | 8.56 |
| C.N.C.A 9⅛ 93 | 150 | 102⅛ | 102⅝ | +0⅛ | +0⅛ | 5.71 |
| Credit National 8⅛ 93 | 200 | 99 | 99⅛ | +0⅛ | +0⅛ | 8.51 |
| Credit National 7⅛ 92 | 100 | 97¼ | 97⅝ | +0⅛ | +0⅛ | 8.46 |
| Credit National 9⅛ 92 | 160 | 102⅛ | 102⅝ | 0 | +0⅛ | 8.59 |
| Dai-Ichi Kan 9⅞ 92 | 150 | 102 | 102½ | +0⅛ | +0⅛ | 8.76 |
| Denmark 7⅛ 92 | 500 | 96½ | 97 | +0⅛ | +0⅛ | 8.53 |
| E.E.C. 7 91 | 100 | 96¾ | 97¼ | 0 | +0⅛ | 8.42 |
| E.E.C. 7¾ 93 | 250 | 96⅛ | 96⅝ | 0 | +0⅛ | 8.39 |
| E.E.C. 10 93 | 140 | 104½ | 104⅞ | 0 | 0 | 8.46 |
| *Eurofima 10⅛ 93* | 200 | †105⅛ | 105⅝ | +0⅛ | +0⅛ | 8.33 |
| Elec. De France 9 98 | 200 | 102⅛ | 102½ | +0⅛ | +0⅛ | 8.61 |
| Elec. De France 9⅞ 99 | 200 | 104⅞ | 105⅛ | +0⅛ | +0½ | 8.68 |
| Finland 9 96 | 250 | 101⅞ | 102⅜ | +0⅛ | +0⅛ | 8.57 |
| Finn. Exp. Cd. 8⅛ 92 | 200 | 99⅞ | 100⅛ | +0⅛ | +0⅛ | 8.52 |
| Finn. Exp. Cd. 9⅞ 95 | 200 | 103 | 103⅝ | +0⅛ | +0⅛ | 8.66 |
| Finn. Exp. Cred. 10⅛ 91 | 100 | †102⅜ | 102⅞ | 0 | -0⅛ | 8.94 |
| Ford Motor Credit 8 91 | 250 | †98⅞ | 99⅛ | 0 | 0 | 0.71 |
| Gen. Elec. Cap. Corp. 9 93 | 500 | †101½ | 102 | 0 | +0⅛ | 8.48 |
| Gen. Elec. Cap. Crp. 10 1/2 92 | 300 | 102⅝ | 103 | 0 | -0⅛ | 8.58 |
| G.M.A.C. 9 96 | 300 | 100⅜ | 100⅞ | +0⅛ | +0⅛ | 8.90 |
| Gen. Mtrs. Corp. 9⅛ 92 | 200 | 100¾ | 101⅛ | 0 | +0⅛ | 8.73 |
| IBM Credit Corp. 8⅞ 91 | 250 | 100⅞ | 101⅛ | 0 | +0⅛ | 0.33 |
| IBM Credit Corp. 9 92 | 250 | 102⅛ | 102⅞ | 0 | 0 | 8.12 |
| IBM Credit Corp. 9⅛ 92 | 250 | 102⅛ | 102⅝ | +0⅛ | 0 | 8.34 |
| IBM Credit Corp. 10 92 | 200 | 103⅞ | 104⅛ | 0 | 0 | 8.36 |
| Italy 9½ 95 | 1000 | 104 | 104⅛ | +0⅛ | +0⅛ | 8.58 |
| Italy 9⅞ 99 | 1000 | 105⅛ | 105⅝ | +0⅛ | +0⅛ | 8.74 |
| Japan Dev. Bank 10 96 | 200 | 106⅝ | 107⅛ | +0⅛ | +0⅛ | 8.61 |
| *L.T.C.B. of Japan 9⅛ 92* | 200 | 101⅜ | *101⅞* | +0⅛ | +0⅛ | 8.68 |
| Metropolis Tokyo 9½ 93 | 200 | 102⅜ | 103⅛ | +0⅛ | +0⅛ | 8.43 |
| Nippon Tel.&Tel. 9⅛ 98 | 250 | 103⅞ | 104⅛ | +0⅛ | +0⅛ | 8.70 |
| Norway 8⅛ 93 | 500 | 100⅞ | 101⅛ | 0 | +0⅛ | 8.39 |
| Portugal 8⅛ 91 | 300 | †98⅞ | 98⅞ | -0⅛ | -0⅛ | 9.12 |
| Prudential Crp. 8⅛ 94 | 125 | 100⅝ | 101⅛ | 0 | +0⅛ | 8.56 |
| Sumitomo Bank 9⅛ 92 | 150 | †101⅞ | 102⅛ | +0⅛ | +0⅛ | 8.81 |
| Sweden 7 91 | 250 | 97¼ | 97⅝ | 0 | 0 | 8.26 |
| Sweden 8¾ 96 | 200 | 100⅞ | 101⅛ | +0⅛ | +0⅛ | 8.51 |
| Sweden 8½ 92 | 200 | †99⅛ | 99⅝ | 0 | -0⅛ | 8.68 |
| Toyota 9½ 91 | 200 | 101⅞ | 102⅛ | +0⅛ | +0⅛ | 8.56 |
| Victorian Rep 11⅛ 92 | 150 | 106⅝ | 107⅛ | +0⅛ | 0 | 8.69 |
| World Bank 7 92 | 300 | †96⅛ | 97⅛ | 0 | 0 | 8.34 |
| World Bank 9 97 | 300 | 102⅛ | 102⅝ | 0 | +0⅛ | 8.55 |
| World Bank 9 93 | 300 | 102 | 102⅛ | +0⅛ | +0⅛ | 8.34 |
| World Bank 9⅛ 98 | 300 | 103½ | 104 | +0⅛ | +0⅛ | 8.63 |
| World Bank 9⅞ 99 | 500 | 106 | 106⅛ | +0⅛ | +0⅛ | 8.64 |
| World Bank 9⅞ 96 | 300 | 105⅛ | 106⅛ | +0⅛ | +0⅛ | 8.67 |

*Average price change... On day +0⅛ on week +0⅛*

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. BK. 6 94 | 200 | 96⅛ | 97⅛ | +0⅛ | +0⅛ | 6.73 |
| Austria 6⅛ 99 | 750 | 99¼ | 99⅝ | +0⅛ | +0⅛ | 6.83 |
| Bank of Tokyo 5⅛ 93 | 100 | 96⅛ | 96⅝ | +0⅛ | +0⅛ | 6.91 |
| Commerzbank o/s. 5⅛ 93 | 300 | 95½ | 96 | 0 | 0 | 6.78 |
| Credit Foncier 6⅛ 99 | 500 | 99¼ | 99⅝ | +0⅛ | +0⅛ | 7.83 |
| E.I.B 5½ 98 | 150 | 91¼ | 91¾ | 0 | 0 | 6.82 |
| E.I.B. 6¼ 99 | 600 | 95½ | 96⅛ | 0 | +0⅛ | 6.85 |
| E.I.B. 6⅛ 96 | 300 | 96½ | 97⅛ | 0 | -0⅛ | 6.72 |
| E.I.B. 6½ 99 | 300 | 97¼ | 97⅝ | +0⅛ | +0⅛ | 6.86 |
| E.I.B. 6⅛ 95 | 300 | 100⅛ | 100⅝ | 0 | +0⅛ | 6.76 |
| Euro.Coal & Steel 5⅛ 97 | 175 | 93⅛ | 94⅛ | +0⅛ | +0⅛ | 6.87 |
| Eurofima 6⅛ 96 | 100 | 97⅛ | 98⅛ | +0⅛ | -0⅛ | 6.64 |
| Elec De France 5¾ 97 | 300 | 94⅛ | 95 | +0⅛ | +0⅛ | 6.62 |
| Forsmark Krtg. 5⅛ 93 | 200 | 93⅛ | 93⅝ | -0⅛ | -0⅛ | 7.27 |
| Hydro-Quebec 6⅛ 99 | 300 | 99⅛ | 99⅝ | 0 | +0⅛ | 6.85 |
| Japan Dev. Bk. 5⅛ 95 | 300 | †93⅞ | 94⅛ | -0⅛ | -0⅛ | 6.63 |
| Japan Finance 5⅛ 97 | 100 | 92⅛ | 92⅝ | 0 | -0⅛ | 7.05 |
| I.A.D.B. 7⅛ 99 | 300 | 102⅛ | 102⅝ | +0⅛ | +0⅛ | 6.91 |
| Ireland 6½ 97 | 300 | 96¼ | 97⅛ | 0 | +0⅛ | 7.01 |
| Ireland 7⅛ 99 | 500 | 100⅛ | 101 | +0⅛ | +0⅛ | 7.10 |
| Malaysia 6⅛ 94 | 150 | 96⅛ | 97⅛ | 0 | -1 | 6.99 |
| Nat. West BK. PLC 6 98 | 300 | 93¼ | 94 | +0⅛ | -0⅛ | 6.99 |
| N.H.L. Finance 6⅛ 95 | 200 | †95¼ | 96¼ | 0 | 0 | 7.05 |
| Nippon Telg.&Tel. 6 95 | 400 | 96⅝ | 97⅛ | -0⅛ | 0 | 6.29 |
| Oesters. Kontbk. 5 93 | 300 | 94¼ | 95⅛ | -0⅛ | -0⅛ | 6.71 |
| *Portugal 5⅛ 92* | 150 | 98⅞ | 99⅛ | 0 | -0⅛ | 6.21 |
| Portugal 6⅛ 95 | 150 | 100⅝ | 101⅛ | -0⅛ | -1 | 6.42 |
| Privatbanken 5⅛ 93 | 150 | 93⅛ | 94⅛ | 0 | 0 | 7.15 |
| Royal Insurance 5½ 92 | 300 | 96⅛ | 96⅝ | 0 | -0⅛ | 6.89 |
| Turkey 6⅛ 95 | 500 | 94⅛ | 95⅛ | 0 | -0⅛ | 7.65 |
| *Union Bk. Finland 5½ 94* | 200 | 95¼ | 95⅝ | -0⅛ | 0 | 6.72 |
| World BK. 6⅛ 97 | 600 | 97 | 97⅛ | 0 | +0⅛ | 6.92 |
| World Bank 6⅛ 99 | 600 | 99¼ | 99⅝ | 0 | +0⅛ | 6.85 |

*Average price change... On day +0 on week +0*

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| African Dev. Bk. 5 96 | 150 | †94⅛ | 95 | -0½ | -0⅛ | 5.94 |
| Asfinag 5 03 | 100 | †92 | 93⅛ | -0⅛ | +0⅛ | 5.78 |
| B.F.C.E. 4⅛ 98 | 200 | †93⅛ | 93½ | +0⅛ | +0⅛ | 5.45 |
| B.M.W. Fin Neth. 5 13 | 150 | †87½ | 88⅛ | 0 | 0 | 5.95 |
| Britannia B/S. 4⅛ 94 | 100 | †92 | 93 | +0⅞ | +0⅛ | 6.07 |
| CIR. Int. W/W 3 95 | 125 | †94 | 94⅛ | 0 | -3⅛ | 4.65 |
| Credit Lyonnais 4¾ 00 | 100 | †90 | 91 | 0 | -0⅛ | 5.96 |
| E.I.B 4⅛ 98 | 150 | †91 | 92⅛ | -0⅛ | +0⅛ | 5.86 |
| Fletcher Chall. 4⅞ 98 | 150 | †87⅛ | 88 | 0 | -0⅞ | 6.76 |
| Kobe City 4⅝ 98 | 150 | †92 | 92⅛ | -0⅛ | -0⅛ | 5.76 |
| Leeds Perm. B/S. 4⅛ 93 | 200 | †93½ | 94 | +0⅛ | +0⅛ | 6.04 |
| Malaysia 5⅛ 98 | 100 | †88⅛ | 88½ | 0 | -2⅛ | 7.04 |
| Maxwell Comm. Crp. 5 95 | 150 | †90 | 90⅛ | +0⅛ | -0⅛ | 7.05 |
| Nat. Bk. Hungary 5½ 94 | 75 | †95 | 95⅛ | 0 | +0⅛ | 6.56 |
| Nationwide Ang B/S 4 93 | 200 | †92 | 93 | -0⅛ | +0⅛ | 6.22 |
| Nippon Telg. & Tel. 4⅛ 95 | 200 | †93⅛ | 94 | +0⅛ | +0⅛ | 5.48 |
| Oesters. Ktbk. 5 03 | 75 | †91½ | 92⅛ | 0 | -0⅞ | 5.85 |
| Prov. Newfoundland 5 03 | 150 | †92½ | 93 | 0 | +0⅛ | 5.75 |
| Thailand 4⅛ 95 | 200 | †93 | 94 | 0 | +0½ | 5.95 |
| World Bank 5 03 | 150 | †92¼ | 93½ | +0⅛ | +0⅛ | 5.72 |

*Average price change... On day +0⅛ on week -0⅛*

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Canada 6⅛ 91 | 80 | 101¼ | 101½ | 0 | +0⅛ | 5.17 |
| Canada 5⅛ 93 | 80 | 101⅛ | 101⅝ | 0 | +0⅛ | 5.23 |
| Eurofima 5 1995 | 20 | 98¼ | 98¾ | +0⅛ | +0⅛ | 5.30 |
| E.I.B. 4⅛ 93 | 30 | 98½ | 98⅞ | 0 | +0⅛ | 5.29 |
| Ireland 5¼ 93 | 30 | 99¼ | 99¾ | 0 | +0⅛ | 5.23 |
| Norway 5⅛ 95 | 50 | 99⅝ | 99⅞ | +0⅛ | +0½ | 5.22 |
| Sweden 4⅞ 93 | 50 | 97¾ | 98 | +0⅛ | +0½ | 5.25 |
| World Bank 5⅛ 98 | 10 | 98⅛ | 98⅝ | +0⅛ | +0⅞ | 5.36 |
| World Bank 7 94 | 20 | 106⅞ | 107⅛ | 0 | +0⅛ | 5.29 |

*Average price change... On day +0 on week +0⅛*

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Abbey Nat. 11⅞ 95 £ | 100 | 98⅞ | 99⅛ | 0 | +0⅛ | 11.84 |
| Aegon 7⅛ 92 FL | 100 | 101⅛ | 102⅛ | 0 | +0⅛ | 7.74 |
| Alg. Bk. Ned. 5⅛ 93 FL | 200 | 95⅛ | 95⅝ | +0⅛ | 0 | 7.18 |
| Austria 7½ 94 ECU | 100 | 96⅛ | 96½ | 0 | 0 | 8.49 |
| Bk. Nova Scot. 14⅛ 90 A$ | 75 | 95⅛ | 96⅛ | 0 | -0⅛ | 17.90 |
| Barclays Aus. 13⅛ 91 A$ | 100 | 95⅛ | 95⅝ | -0⅛ | -0⅛ | 16.03 |
| Belgium 8⅛ 94 Ecu | 150 | 97⅞ | 98⅛ | 0 | 0 | 8.61 |
| BP Capital 9⅛ 93 £ | 100 | 93⅛ | 94⅛ | 0 | -0⅛ | 11.75 |
| British Airways 10 98 £ | 100 | 92⅛ | 93⅛ | -0⅛ | +0⅛ | 11.31 |
| *Buhrmann-Tet. 6⅛ 93 FL* | 100 | 95⅛ | 96⅛ | 0 | 0 | 7.58 |
| Comm. Bk. Aust. 12⅛ 93A$ | 100 | †93¼ | 93⅝ | -0⅛ | -0½ | 14.93 |
| CrLocalFrance 9⅛ 92Ecu | 100 | 102 | 102½ | +0⅛ | +0⅛ | 8.33 |
| Deut. Bk. Aus. 13⅛ 93 A$ | 125 | 96¼ | 97⅛ | -0⅛ | -0⅛ | 14.28 |
| Deutsche Bk. Fin. 15 94 A$ | 100 | 101⅛ | 102⅛ | -0⅛ | -0⅛ | 14.37 |
| Eastman Kodak 13 90 A$ | 100 | 95⅛ | 95⅝ | -0⅛ | -0⅛ | 17.83 |
| E.I.B. 7 96 LFr | 100 | †96⅛ | 97⅛ | +0⅛ | -0⅛ | 7.56 |
| E.I.B. 9 99 Ecu | 150 | 101⅛ | 102⅛ | +0⅛ | +0⅛ | 8.68 |
| Eurofima 7⅛ 94 Ecu | 100 | 96¼ | 97⅛ | +0⅛ | +0⅛ | 8.43 |
| Export Dv. Crp. 8⅛ 92Ecu | 100 | 100⅛ | 100⅝ | +0⅛ | -0⅛ | 8.51 |
| Fed. Bus. Dv. Bk. 9⅛ 92 C$ | 75 | †99⅛ | 99⅝ | +0⅛ | +0⅛ | 9.99 |
| Fed. Bus. Dv. Bk. 10⅛ 93C$ | 50 | 101 | 101⅛ | 0 | 0 | 10.13 |
| Ferr. Stato 7¾ 93 Ecu | 100 | 96½ | 97 | 0 | -0⅛ | 8.77 |
| Ford Cr. Can. 10⅛ 93 C$ | 100 | †101 | 101⅛ | +0⅛ | +0⅛ | 10.27 |
| *Ford Cred. Can. 10⅛ 96C$* | 125 | 103 | 103⅝ | +0½ | +0⅛ | 10.18 |
| Ford Cred. Fund. 10¼ 93£ | 60 | 96⅛ | 96⅝ | 0 | -0⅛ | 11.83 |
| Ford Mtr. Cred. 7⅛ 93Ecu | 100 | 96⅛ | 97⅛ | 0 | -0⅛ | 8.92 |
| G.M.A.C. Canada 11 3/4 94C$ | 100 | 104⅛ | 105 | +0⅛ | +0⅞ | 10.40 |
| Heineken 7⅛ 94 FL | 150 | 102⅛ | 102⅝ | 0 | +0⅛ | 7.56 |
| Hydro-Quebec 11 99 C$ | 400 | 104⅛ | 104⅝ | +0⅛ | +0⅛ | 10.18 |
| Lloyds Bank 10⅛ 98 £ | 150 | 92¼ | 93¼ | 0 | -0⅛ | 11.55 |
| Lloyds Bank 11⅛ 98 £ | 100 | 96¼ | 96¾ | 0 | +0⅛ | 11.99 |
| Montreal Tst. 10⅛ 93 C$ | 100 | †100½ | 101 | +0½ | +0⅛ | 10.50 |
| Morgan Guar. Tst. 11 91 C$ | 150 | †100⅛ | 100⅞ | +0⅛ | +0⅛ | 10.41 |
| Nat. Aus. Bk. 14⅛ 94A$ | 100 | 99 | 99⅛ | 0 | -0⅛ | 14.95 |
| New Zealand 9½ 93 £ | 100 | 92⅛ | 93⅛ | +0⅛ | 0 | 11.88 |
| Philips Gloeil. 6 93 FL | 300 | 96⅛ | 97⅛ | 0 | +0⅛ | 6.91 |
| Privatbanken 7⅛ 94 LFr | 500 | †98¼ | 99⅛ | +0⅛ | +0⅛ | 7.81 |
| Royal Bk. Scot. 10⅛ 98 £ | 125 | 94⅛ | 95¼ | 0 | -0⅛ | 11.60 |
| Saskatchewan 9¾ 91 C$ | 150 | †99⅛ | 99⅝ | +0⅛ | +0⅛ | 10.24 |
| Saskatchewan 10¼ 93 C$ | 200 | 100¼ | 100¾ | +0⅛ | +0⅛ | 10.07 |
| State Bk. NSW. 13⅛ 93A$ | 100 | 96⅛ | 96⅝ | 0 | -0⅛ | 14.91 |
| Sweden 15 94 A$ | 100 | 102⅛ | 103 | -0⅛ | -0⅛ | 14.12 |
| *Toyota Mtr. Cr. 11⅛ 92C$* | 150 | 102⅛ | *103* | +0⅛ | +0⅛ | 10.15 |
| World Bank 13⅛ 92 A$ | 100 | 98¼ | 99⅛ | -0⅛ | -1⅛ | 13.80 |
| Zentrspk. 13¼ 93 A$ | 75 | †96⅛ | 96⅝ | 0 | -1 | 14.42 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn |
|---|---|---|---|---|---|
| Alliance & Leic. Bld 94 £ | .08 | 99.95 | 100.00 | 24/10 | 14.08 |
| Bank of Greece 99 US | 0⅛ | 99.70 | 99.80 | 8/09 | 10.62 |
| Belgium 91 US | 0 | 100.23 | 100.33 | 19/08 | 9.38 |
| Chelt.& Gloucester 94 £ | .063 | 99.92 | 99.97 | 30/08 | 14.06 |
| Credit Foncier 98 US | .063 | 100.22 | 100.32 | 20/10 | 10.16 |
| Dresdner Finance 99 DM | .031 | 99.92 | 100.02 | 27/07 | 6.59 |
| EEC 3 92 DM | 0 | 100.54 | 100.64 | 22/08 | 5.63 |
| Halifax BS 94 £ | .1 | 100.08 | 100.13 | 9/08 | 12.97 |
| Invt. In Industry 94 £ | 0⅛ | 100.11 | 100.21 | 24/08 | 14.06 |
| Leeds Perm. B/S. 94 £ | 0⅛ | 100.16 | 100.21 | 13/10 | 14.06 |
| Midland Bank 01 £ | .1 | 98.40 | 98.73 | 15/08 | 12.97 |
| Milk Mkt. Brd. 5 93 £ | 0⅛ | 100.03 | 100.08 | 29/09 | 14.31 |
| New Zealand 5 97 £ | .07 | 100.00 | 100.10 | 22/08 | 13.19 |
| State Bk. Nsw. 98 US | .188 | 100.40 | 100.50 | 14/08 | 9.87 |
| Woolwich Equit. BS. 93 £ | 0⅛ | 100.24 | 100.29 | 13/10 | 14.06 |
| Woolwich 5 95 £ | 0⅛ | 100.03 | 100.08 | 22/08 | 13⅛ |

*Average price change... On day +0.00 on week +0.01*

| CONVERTIBLE BONDS | Cnv. date | Cnv price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Alcoa 6⅛ 02 US | 8/87 | 62 | 115⅛ | 116⅛ | -0⅛ | 7.86 |
| Amer. Brands 7¼ 02 US | 9/87 | 56.7 | 129 | 129⅞ | +0⅛ | 0.14 |
| CBS. Inc. 5 02 US | 4/87 | 200. | 107⅞ | 108⅞ | 0 | 1.94 |
| Primerica 5½ 02 US | 4/87 | 66.75 | 69⅛ | 70⅝ | +0⅛ | 89.12 |
| Eng. China Clay 6½ 03 £ | 9/88 | 4.8 | 103½ | 104½ | -1⅛ | 6.21 |
| Fujitsu 3 99 US | 5/84 | 1106. | 230 | 231 | -3⅛ | -1.36 |
| Ladbroke 5½ 04 £ | 6/89 | 7.1 | 100⅛ | 101⅛ | -0⅛ | 230.86 |
| Land Secs 6¾ 02 £ | 6/87 | 6.72 | 98⅛ | 99⅛ | -0⅛ | 13.88 |
| Minolta Camera 2¼ 94DM | 2/86 | 1004. | 108⅛ | 110⅛ | -0⅛ | 10.15 |
| MCA Inc 5½ 02 US | 9/87 | 69.62 | 101⅞ | 102⅞ | +0⅞ | 14.72 |
| Mitsubishi Bk 3⅛ 04US | 5/89 | 3266. | 98⅛ | 99⅛ | +1⅛ | 4.37 |
| Next Plc 5⅛ 03 £ | 11/87 | 4.3 | 101⅛ | 102⅛ | 0 | 205.59 |
| Nikki Nico Bk. 2⅞ 03 US | 4/88 | 804. | 115⅛ | 116⅛ | 0 | -2.55 |
| Omron Tateisi 2⅛ 02 US | 4/87 | 1310. | 262 | 263 | -2 | 0.26 |
| Ranks Hovis 4⅛ 03 £ | 1/88 | 3.5 | 125⅛ | 126⅛ | +0⅛ | -2.84 |
| Redland 7⅛ 02 £ | 1/87 | 5.4 | 111 | 112 | -0⅛ | 0.69 |
| Saatchi&Stchi 6⅛ 03 £ | 10/89 | 4.41 | 93½ | 94½ | 0 | 32.44 |
| Silicon Graphics 8 04 US | 6/89 | 23.18 | 95½ | 96½ | +0⅛ | 18.68 |
| Sumitomo Bank 3⅛ 04 US | 2/89 | 4296. | 88⅛ | 89⅛ | +0⅛ | 17.30 |
| Texas Inst. 2⅞ 02 US | 9/87 | 82.87 | 75½ | 76⅛ | -0⅛ | 66.57 |
| Utd Newspapers 8 04 £ | 10/89 | 8.77 | 100⅛ | 101⅛ | -0⅛ | 96.24 |
| W.R. Grace 6⅛ 02 US | 9/87 | 42.12 | 92⅞ | 93⅞ | -0⅛ | 24.36 |

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Cng day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed recurrency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

## INTERNATIONAL CAPITAL MARKETS

# Speculation of monetary easing causes flurry in US

By Janet Bush in New York and Katharine Campbell in London

THE US Treasury bond market had a burst of excitement yesterday morning when the US Federal Reserve omitted to announce an expected draining operation, triggering speculation that it might have begun more monetary easing.

At midsession, the Treasury's benchmark long bond was quoted 1/16 point higher for a yield of 8.12 per cent, off earlier highs.

An easing move yesterday was not expected, as bond analysts had concluded that the US Federal Reserve would wait until the August 4 release of July employment figures, or at least until tomorrow's preliminary figures for second-quarter GNP were out.

At the least, the omission of matched sales looks suspicious. Bond analysts were cautious about interpreting this as an easing, particularly as today is the last day of the statement week and Fed funds, which yesterday dipped to 9¼ per cent, were expected to move up again.

Opinion was divided on whether yesterday's figure justified an easing now. Some analysts said that the durable goods orders were not weak enough to justify a move and that the employment cost index did not suggest an easing of inflationary pressures.

US durable goods orders, a particularly volatile series, rose by 0.3 per cent in June, near to analysts' expectations, but fell 0.7 per cent once defence orders were excluded.

The ECI, watched closely as an indicator of wage pressures, rose 1.1 per cent in the second quarter, compared with a 1.2 per cent gain in the first quarter and a 1.1 per cent rise in the second quarter of last year. Although wage pressures have not accelerated, they have not slackened either.

The Fed may have had little to do as far as its reserves position was concerned by the end of the statement period and therefore decided to tolerate a lower Fed funds rate for a day or two. However, bond analysts widely believe that there is a bias towards easing and that a decisive easing move is expected within the next two weeks. It is only the timing that remains uncertain and toleration of a lower rate may be a small step from an actual easing.

The other news of interest yesterday was that the Senate Finance Committee approved a bill to increase the current $2,800 bn debt limit by $60bn until October 31. This was widely expected, as Congress wants the August quarterly refunding to go ahead without any hitches.

■ YESTERDAY'S advance in the Japanese government bond market was largely founded on technical factors and, in the absence of much underpinning from the fundamentals, dealers are questioning the durability of the upticks during the past week.

During the morning, futures activity set the tone, as traders began covering short positions in the key September contract, in anticipation of rollovers into the next series. This sparked some retail interest in cash securities, so that the benchmark no.111 bond closed to yield 5.125 per cent, some six basis points firmer than Monday's close. The September futures contract closed at 105.60, 32 basis points higher than the previous day.

The Ministry of Finance is likely to set terms for the auction of the new August 10-year bond tomorrow. This has also contributed to the buoyancy of the market, as officials tend to bolster sentiment ahead of the monthly auction.

■ THE UK gilt-edged securities market was almost paralysed yesterday, with prices unchanged in many stocks. Monday's Cabinet changes had little effect. With the Chancellor still in place, City dealers left the wider implications of the rearrangement to the political pundits.

Today's trade data for June is also unlikely to affect gilts, a number of dealers contended. Although an improvement in the trade deficit could benefit sterling, continuing high interest rates at the short end, implying a negative cost of carry for long gilt holdings, leaves little room for upside manoeuvre.

The September long gilt futures contract closed 1/32 of a point weaker at 95-24.

■ GERMAN bonds moved up significantly yesterday, partly on the back of a weakish dollar, but also, it was rumoured, because of the presence of a large US buyer of 10-year stock during the morning session.

At the official fixings bonds were marked up as much as 25 pfennigs in places, while the Federal 6¾ per cent bond due 1999 was priced 15 pfennigs up at 100.55 to yield 6.67 per cent.

Later in the day, a drop in import prices – showing a 5.3 per cent increase in June compared with 7.1 per cent in May – helped prices firm another 5 pfennigs.

### GOVERNMENT BONDS

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 9/92 | 106-21 | - | 10.94 | 10.91 | 11.61 |
| | | 9.750 | 1/98 | 97-07 | -1/32 | 10.25 | 10.28 | 10.78 |
| | | 9.000 | 10/08 | 97-00 | - | 9.34 | 9.35 | 9.74 |
| US TREASURY * | | 8.125 | 5/99 | 107-13 | +4/32 | 8.02 | 8.12 | 8.31 |
| | | 8.875 | 2/19 | 108-14 | +8/32 | 8.12 | 8.16 | 8.27 |
| JAPAN | No 111 | 4.600 | 6/98 | 96.7599 | +0.268 | 5.13 | 5.25 | 5.40 |
| | No 2 | 5.700 | 3/07 | 106.5651 | +0.199 | 5.00 | 5.03 | 5.15 |
| GERMANY | | 7.000 | 2/99 | 102.3500 | +0.200 | 6.65 | 6.70 | 6.74 |
| FRANCE | BTAN | 8.000 | 1/94 | 97.3573 | +0.142 | 8.71 | 8.87 | 8.90 |
| | OAT | 8.125 | 5/98 | 97.5500 | +0.230 | 8.49 | 8.60 | 8.65 |
| CANADA * | | 10.250 | 12/98 | 105.4750 | +0.105 | 9.35 | 9.41 | 9.44 |
| NETHERLANDS | | 7.000 | 3/99 | 99.5000 | +0.080 | 7.07 | 7.09 | 7.14 |
| AUSTRALIA | | 12.000 | 7/99 | 92.0988 | +0.102 | 13.46 | 13.47 | 13.63 |

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

*Technical Data/ATLAS Price Sources*

# UBS delays action on Blue Arrow involvement

By William Dullforce in Geneva

UNION BANK of Switzerland in Zurich continued to decline to comment yesterday on its role in the Blue Arrow affair. Two of the four executives named in the DTI report are still employed at Phillips and Drew, its London stockbroking subsidiary, and UBS was understood to be waiting for NatWest's lead before deciding how to react.

This may take some time as Mr Robert Studer, president, and Mr Rudolf Müller, executive vice president, UK, are on holiday. Responsibility rests with Mr Ulrich Grete, executive vice president, who was in New York yesterday.

The Swiss stock market has taken UBS's involvement coolly.

UBS cannot be faulted under the Swiss Companies Act, which does not require investors to disclose securities holdings when they reach a given size. Moreover, it is common Swiss practice for banks underwriting bonds to keep parts of an issue on their books before placing them

However, Swiss banking law does have a "fit and proper" clause similar to that in UK law, defining the behaviour expected of banks. In 1987 the Swiss Banking Commission initiated an inquiry under this clause into Bank Leu's role in the Guinness affair.

Mr Daniel Zuberbühler, deputy director, said yesterday that the commission had received a copy of the DTI report, was studying it and "may have to ask the bank [UBS] a few questions."

In its report on Bank Leu, which had bought £200m worth of Guinness and Distiller shares in a buy-back deal, the commission stated that a Swiss bank active on foreign Stock Exchanges had to "adhere to the local laws and customs, so long as these are not contrary to the Swiss legal system."

The commission added that participation in manipulating securities prices was inadmissible under Swiss law and incompatible with sound bank management.

# US mulls tax on foreign investors

## Norma Cohen on a controversial plan to help cut the budget deficit

A proposed bill aimed at reducing the US budget deficit will for the first time set capital gains taxes on foreign investors in the US – a move that its critics charge will violate virtually all of the US's existing tax treaties barring double taxation of non-residents.

While the bill's drafters argue that it does not – and the US Treasury has implicitly agreed – the obscure clauses in the new legislation are bound to cause a stream of protest from those who have been among the most vigorous providers of direct foreign investment in the US.

Direct foreign investment in the US has soared in recent years, rising to $65bn in 1988 from $40.3bn in 1987, of which funds from the UK have constituted the largest share. A free-market economy and concern about the burgeoning US trade deficit have made the Reagan and Bush administrations extremely reluctant to take steps to curb foreign investment, despite appeals from some influential segments of the business community.

But recently, anti-foreign investment sentiment in the US has reached the ears of lawmakers. Several bills are now pending which, in one form or another, would require foreigners to obtain some sort of approval before being allowed to purchase major US businesses.

On the tax front, legislators are asking whether they may kill two birds with one stone by having unwelcome foreign investors help close a yawning US budget deficit.

To be fair, it is difficult to tell Americans that tax loopholes will remain for foreigners but will be closed for citizens in an effort to reduce the budget deficit. And perhaps most significantly, foreigners don't vote.

Staff of the Joint Committee on Taxation, a bi-partisan committee of House and Senate members, said that the tax proposals originated from concern that corporate takeovers by foreigners pose certain dangers to the US economy, both from a revenue and a competitive point of view. "There is definitely the feeling that the US tax structure provides benefits to foreigners that it does not to US investors," said a senior staff member. "This is an effort to level the playing field."

**Anti-foreign investment sentiment in the US has reached the ears of lawmakers. Several bills are now pending which would require foreigners to obtain some sort of approval before buying US companies**

One proposal would impose withholding taxes on foreigners' sales of stock in a US corporation if the seller owned more than 10 per cent of that company. Up until now, foreigners have paid no tax of any sort in the US on profits from sales of investments. They have, however, been subject to tax in their own country as specified in most of the US's double taxation treaties with other countries.

The other proposal – known as the "earnings stripping" rule – would treat certain interest payments that US corporations make on loans from foreign affiliates as dividends, thus ending tax deductions now available for them.

Staff of the Joint Committee and the House Ways and Means Committee, in response to criticism that the proposals will have a negative effect on the US economy, say the proposals are structured in a manner that will have no significant impact on foreign investment. Furthermore, they are designed to close certain loopholes through which foreigners avoid paying the same taxes levied on American investors. Americans, for instance, do pay capital gains tax and President Bush has apparently abandoned his plans to eliminate it.

According to calculations prepared by the Joint Committee on Taxation, revenues to be raised by both tax changes are minimal. The earnings stripping proposal would would raise no more than $28m in 1990, rising to $49m in 1994. Meanwhile, the change in capital gains taxation would return no more than $5m per year to the US Treasury's coffers.

Mr Leslie Samuels, a partner at Cleary Gottlieb Steen and Hamilton, a US-based law firm, said he believes the committee's calculations underestimate the amount of revenue that would be raised, provided there is no resulting withdrawal of foreign investment from the US. He added that the tax proposals represent a bow to the anti-foreign investment mood sweeping the US as foreign merger activity steps up.

Furthermore, he argues, the rules would require writing burdensome regulations which have the effect of inhibiting capital markets transactions – a counter-productive exercise.

But staff to the Congressional committees on taxation argue that the proposals are not nearly as onerous as they sound. The "earnings stripping" rule, for instance, will only be applied on net interest income – the difference between a company's interest income and its interest expense. Even then, the tax deduction on interest income will only be disallowed on that portion of interest payments to the overseas parent that is more than 50 per cent of the US subsidiary's taxable income.

Mr Samuels argues that such a rule limits US companies' abilities to call on the credit ratings of their stronger, overseas parents who can borrow at finer rates than the subsidiary could on its own.

But US Congressional tax staff argue that much of these so-called borrowings from foreign parents and the interest payments they inspire, are simply a dividends in a tax-deductable form designed to fool US tax authorities.

"We believe that the practice [of dividends masquerading as interest payments] is widespread," said one staff member. "Most of us on the committee staff have spent years in private practice devising just such strategies for corporate clients." Net interest payments on legitimate borrowings from foreign affiliates are not likely to be greater than 50 per cent of taxable income per year.

Meanwhile, committee staff members argue that the the capital gains proposals have been drafted specifically to avoid bringing most foreign investors into the catchment net. The foreigner would have to own at least 10 per cent of the US company before capital gains tax would be imposed – and that level of taxation is much more than that placed on US investors disposing of their shares in a company.

# Bank of Scotland launches variable-rate note issue

By Andrew Freeman

THE BANK of Scotland yesterday announced an undated variable-rate note issue, the first such deal by a UK bank. The initial $200m was increased to $300m by Merrill Lynch International, the sole lead manager, following strong demand for the paper in Europe and the Far East.

The par-priced notes offered an initial yield of 40 basis points over three-month Libor. Underwriting commissions were not disclosed.

Because the notes are undated, investors are offered a significant alternative margin of 1 per cent above Libor for the first 10 years and 1¾ per cent over Libor thereafter. This gives them some protection should market conditions deteriorate to the point that a yield cannot be agreed by the borrower and issuing house.

The notes are attractive to banks because they qualify as Upper Tier 2 capital under the capital adequacy guidelines laid down by the Committee of Banking Supervisors in Basle.

In June, the Bank of England gave the Royal Bank of Scotland permission to issue a $400m floating-rate note hybrid issue, but ruled that any such deals would in future not qualify as Upper Tier 2 capital.

## WORLD COMMODITIES PRICES

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday July 25 1989

[illegible]

## FIXED INTEREST

[illegible]

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 46 | 36 | 24 |
| Corporations, Dominion and Foreign Bonds | 0 | 0 | 44 |
| Industrials | 404 | 348 | 848 |
| Financial and Properties | 175 | 108 | 382 |
| Oils | 18 | 32 | 43 |
| Plantations | 2 | 1 | 8 |
| Mines | 27 | 51 | 97 |
| Others | 40 | 113 | 100 |
| Totals | 712 | 689 | 1,546 |

## LONDON RECENT ISSUES

### EQUITIES

[illegible]

### FIXED INTEREST STOCKS

[illegible]

### RIGHTS OFFERS

[illegible]

## TRADITIONAL OPTIONS

- First Dealings Jul 24
- Last Dealings Aug 4
- Last Declarations Oct 26
- For settlement Nov 8

*For rate indications see end of London Share Service*

Calls in RHM, Tusker, Dowty, Amstrad, Mid & Scot, Honorbilt, Body Shop, Dominion, Sketchley, N. Eng Prop, S. Daniels, Arabex, ADT, Charterhall, Smith & Nephew, Woodrow, Puts in Tusker. P/C Tusker.

## LONDON TRADED OPTIONS

BRITISH PETROLEUM commanded most of the attention on the London Traded Options Market yesterday, following its wont of recent days in the run-up to the expiry today of July options in stocks such as itself.

It was in general a quiet day, with only 33,967 contracts traded, of which 24,346 were calls and 9,621 puts. The top three most heavily traded stock had each one a July expiry, as did five of the eight most heavily traded.

The dealings in BP saw 3,832 contracts in total, consisting of 3,090 calls and 742 puts, with an early count showing some downwards swing in open interest in series such as the July 260 and 280 calls. A full analysis of dealings in the option on the stock is complicated by its being in the oils sector, which has joined chemicals under the gradual shift of the market mechanism to a new matched-bargains system. The underlying share price in the stock fell 2p to 304p. Results from Exxon, of the US, tended to depress both BP and Shell.

The FT-SE 100 Index recovered 10.3 points of the previous day's loss, to end at 2,269.4, with dealings in it on the London Financial Futures Exchange for September delivery showing a touch of downwards pull, after making allowances.

British Steel, another July expiry stock, took second place in contract terms, on 2,519 contracts, of which 302 were calls and 2,217 puts. The underlying price of the stock rose 1p to 76p. The most heavily traded individual series in it were the October 80 puts and January 80, the first attracting 1,032 contracts and an opening of position of 1,030 to 5,240, and the second 1,000 contracts but an opening of position of only 65 contracts to 3,051.

STC, another stock with an expiry date today, found 2,409 contracts — 2,222 calls and 187 puts – as the underlying share price fell 2p to 378p. The July 360 calls attracted 1,071 contracts.

British Gas found 1,813 contracts, with 993 calls and 620 puts handled. GEC saw 1,402 contracts, along with a 5p gain in the underlying share price, and with the August 260 call alone accounting for 641 contracts, out of a total of 1,232 calls – the puts coming to 170. BAT Industries, ICI and Asda found some attention.

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# UK COMPANY NEWS

## £50m disposal reflects strategy of concentrating on core businesses

# S&N sells British Tissues stake

**By John Ridding**

SMITH & NEPHEW, the healthcare and consumer products group, is to sell its 50 per cent stake in British Tissues to Nokia, Finland's largest private sector company, for £50m.

Following the sale, Nokia will hold all of the shares in British Tissues and will merge the company into a proposed joint venture arrangement with James River of the US and Ferruzzi of Italy. The combined paper businesses will represent one of the largest players in the increasingly concentrated European paper tissue market.

British Tissues, which was formed in 1967, is principally involved in the manufacture of disposable paper products. It currently holds about 20 per cent of the UK market and last year reported pre-tax profits of £12.8m on sales of £109m.

Smith & Nephew was one of the British Tissues' four founders and increased its stake to 50 per cent in June 1980. Since 1973, Nokia has gradually built up its 50 per cent stake and the company as a whole represents about half of its paper industry assets.

The agreement with its US and Italian partners involves the setting up of two joint venture companies comprising the parties' European soft paper operations. It should be completed by November this year.

Mr Jorma Ollila, Nokia's senior vice president said that the combined production of the various businesses will be about 420,000 tonnes per annum, roughly equivalent to Scott Paper of the US, hitherto the undisputed European market leader.

Although Nokia will hold 50 per cent of the joint venture company which includes its own paper operations and 20 per cent of the other new company, analysts believe that the joint ventures may be a prelude to its gradual withdrawal from the paper market.

They argue that Nokia is focusing increasingly on its electronics businesses despite their disappointing performance in 1988, and claim that it has held talks about the disposal of its paper businesses.

However, while Mr Ollila agreed that paper was not a core business of the group he denied that such talks had been held and said that "in the medium term at least we remain committed to the paper industry."

He said that the maturity of the Scandinavian paper market meant that Nokia had to operate more extensively in Europe and that this would require heavy investment. For this reason the company felt it best to find partners.

For Smith & Nephew, the disposal reflects its strategy of concentrating on its core medical and healthcare businesses. Over the last few years it has sold off its packaging businesses but the sale of its British Tissue stake is by far its largest disposal to date.

Mr Eric Kinder, chief executive, said that the deal was "good value for Smith & Nephew shareholders" and that the proceeds would "restrengthen the balance sheet" after the acquisition of Ioptex research, a US eye lens manufacturer at the end of last year."

The sale is to be satisfied by the issue of loan stock which is guaranteed for 8 years by National Westminster Bank.

# Ward White forecasts attacked by Boots

**By Vanessa Houlder**

BOOTS HAS questioned the foundations of the profits forecast made by Ward White, the retailer for which it is making a £800m bid.

In a circular posted yesterday to Ward White's shareholders Boots focused on the lack of a breakdown of the profitability of individual businesses or the level of non-trading profits in the forecast. A 19 per cent increase in overall pre-tax profits to £33m for the six months to July 31 had been predicted.

The bidder asked whether property profits and exchange rate movements had contributed to the forecast and suggested that a substantial amount of the forecast profit increase may have come from a first full contribution from A G Stanley, the home decorating retailer bought in June 1988.

The "surprisingly low" tax charge was also highlighted. The tax rate implied by the forecast was about 28.5 per cent, compared with 33.9 per cent for the equivalent period in 1988.

Ward White dismissed the questions as "nit-picking". It said that it would be very unusual to give a divisional breakdown in a profits forecast. There was no material contribution from property profits or exchange rate movements, it said.

The apparent drop in tax charge resulted from the use of a "realistic" tax charge in the forecast, compared with a "prudent" charge used for the interim figures last year, it said. The 33.9 per cent tax used in last year's interims compared with a final effective tax charge of 30 per cent.

Ward White's shares fell 6p to 440p yesterday, compared with Boots' offer of 400p per share. Boots rose by 4p to 279p.

# Red Funnel fires broadside at Sally's 'management failure'

**By Andrew Hill**

RED FUNNEL Group, the ferry line which plies between Southampton and the Isle of Wight, yesterday accused Sally UK Holdings of spectacular management failure and a "lack of strategic vision".

Red Funnel, the trading name for Southampton, Isle of Wight and South of England Royal Mail Steam Packet, is defending a hostile bid from Sally, a subsidiary of the Scandinavian shipping group.

Although the bid is comparatively small, valuing Red Funnel at just £30.9m in cash, it is part of a wider shake-up in ferry services, involving a debate about the viability of English Channel routes.

Sally runs a ferry line between the port of Ramsgate, which it owns, and Dunkirk. Red Funnel's defence document, issued yesterday, said Sally "looked likely to be devastated by the opening of the Channel Tunnel and the proposed ending of duty-free sales on cross-Channel services".

But Sally's adviser, Tranwood Earl, pointed out that Sally supported the tunnel, because it would broaden the market for all types of Channel crossing.

Sally's rivals, Sealink British Ferries and P&O European Ferries, want to run a joint ferry service on their Channel routes. The proposal was referred to the Monopolies and Mergers Commission two days ago.

Sealink's owner, Sea Containers, is itself fighting a hostile bid, worth $824m, from Stena, the Swedish shipping group which wants to upgrade the Channel ferry business, and Tipbook, a UK container rental company.

Red Funnel also highlighted Sally's pre-tax losses between 1981 and 1987. Mr Michael Wilkinson, the Southampton company's chairman, accused Sally of wanting to exchange its poor management, its losses, its vulnerable route and its debts for Red Funnel's management expertise, profits, secure route and cash.

The Sally camp said yesterday that since 1981 the group had spent money creating roll-on, roll-off port facilities from scratch at Ramsgate and building up a 10 per cent market share for its Channel ferry line in the face of fierce competition from Sealink and P&O.

Mr Wilkinson said the bid "grossly undervalued" Red Funnel. He said the group had begun to implement improvements to its service before the Sally bid was launched last month. They included the building of a new ferry, and the upgrading of terminals and ticketing systems.

Sally is trying to win 51 per cent of Red Funnel's shares and hopes to reverse into the listed company if the offer is successful. The bid is worth 205p a share against yesterday's unchanged closing price of 227p.

Nearly half of Red Funnel's shares are owned by local shareholders who enjoy free or discounted travel on the line. Sally has promised shareholders who accept the cash offer that they will retain all fare concessions.

# All-round improvement at Goode Durrant

**By Ray Bashford**

GOODE DURRANT, the industrial and financial management company which is facing hostility from its largest shareholder, boosted pre-tax profits 19 per cent in the year to April 30.

Mr Michael Warring, the chairman, yesterday unveiled an increase in the pre-tax result from £9.5m to £11.3m following a rise in turnover to £235.4m (£149.98m).

All sectors of the group's operations made increased contributions to the result with housebuilding and construction increasing 75 per cent to £2.11m (£1.2m), vehicle and equipment hire up to £1.92m (£944,000) and trade finance at £1.86m (£1.21m).

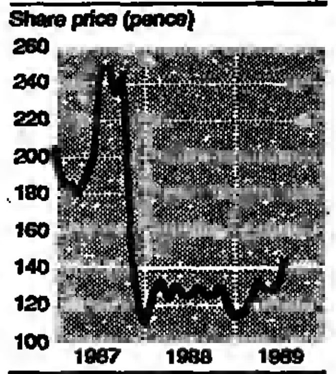
The chairman said that the company had concentrated its efforts in housebuilding in the north west of England where conditions had remained buoyant and insulated from the downturn in the south east.

The company is considering further expansion in the vehicle equipment hire business which could be financed from the cash reserves which at present stand at £30m.

The size of the cash reserves are seen as one of the attractions which the company has to potential predators. Earlier this month an investment company headed by the Nash family which controls investments in South Africa and the US took a 15 per cent stake in the company from FAI Insurance, the Australian group headed by Mr Larry Adler.

**Goode Durrant**

Share price (pence)



Goode Durrant last week rejected a request from the family for two seats on the board and Mr Warring was yesterday clearly concerned about the intentions of the new shareholder.

Bank of England approval will be required for the family to increase its holding beyond 15 per cent. A further 5 per cent of the capital is being held in trust for the family by its brokers.

Earnings per share advanced to 14.3p (12.3p). The board is recommending a final dividend of 2.75p a share, lifting the total to 4.5p (3.33p) which represents a 35 per cent rise.

# Whitbread to retain both its brewing and pub sides

**By Lisa Wood**

WHITBREAD, the UK brewing and retailing group, intends to remain in its two core businesses in the UK and overseas, Mr Sam Whitbread, the group's chairman, said yesterday.

Mr Whitbread, speaking at the group's annual general meeting, said the company's expansionist policies would be pursued as strongly as ever now that the Government's stance over the Monopolies and Mergers Commission was clearer.

Whitbread, it was said by some City analysts, might have sold its brewing capacity had the original recommendations of the MMC been approved by the Government.

The MMC had originally recommended that no brewer should be able to own more than 2,000 pubs – a proposal that would have forced brewers including Allied-Lyons, Bass, Whitbread and Grand Metropolitan to consider selling up to 22,000 pubs. Some brewers however warned they would have sold their breweries rather than their pubs.

This month the Government announced that brewers could keep all their pubs but 50 per cent of those over 2,000 would have to be operated as free houses, freed of the tie.

Mr Whitbread told shareholders there was no doubt that the pub and the beer business in the UK would have changed beyond all recognition if the MMC recommendations had been implemented as originally conceived.

However he warned that the future of many small rural pubs would be in jeopardy once they were released from the tie since a full commercial rent would be imposed and it was doubtful whether these pubs would remain viable for the tenant.

# DRG shares up 22p on bid speculation

**By Maggie Urry**

Shares in DRG, the Sellotape and Basildon Bond paper and packaging group, rose 22p to close at 562p as speculation about a possible takeover bid circulated in the stock market yesterday. Meanwhile, the group announced an acquisition in the US.

Mr Moger Woolley, DRG's chief executive, said yesterday he knew nothing about a potential bid for the group or of any increase in the stakes held by Pembridge Investments, the vehicle of Mr Roland Franklin, a US-based investor, which has 10.8 per cent of DRG's equity, or Mr David Rowland, another investor, who has 3 per cent.

Mr Woolley said that DRG had been put in better shape for the future and it was being run as tightly as possible.

He said DRG had agreed to buy PacNational for $8.75m, (£5.4m). It specialises in envelopes used by air couriers. DRG already owns the leading Canadian air courier envelope company and this deal will "reinforce DRG's position in the North American courier market," Mr Woolley said.

# Sleepy Kids placing

Sleepy Kids is joining the Third Market with a £1.4m placing which will finance the production of a childrens' television cartoon series.

Brewin Dolphin is placing 7m shares at 20p, which will give the company a market capitalisation of £4m. Dealings will begin on July 31.

The cartoon series will be centred around four children and their dog, Potswoof, who are transported to a magical dream world when asleep.

# Abbey offers to replace lost certificates

**By Clare Pearson**

ADVERTISEMENTS offering to send replacements to Abbey National members who have still not received their share certificates through the post are appearing this morning in the Financial Times and the other national newspapers.

The advertisements are a measure of how extremely worried the former building society, which floated on the stock market earlier this month, has become about losing the goodwill of its customers through hitches in the delivery of certificates and refund cheques.

They carry a "sincere apology" from both Abbey and Lloyds Bank, the registrars, both of which have come under severe fire from customers for their handling of the flotation.

Aggrieved members are being offered coupons which they can cut out of the newspaper and send to the Abbey to apply for certificates and cheque refunds, subject to an undertaking to return any such items that have already been sent to them and eventually turn up in the post.

Only those who registered for shares before the flotation, and have not so far asked for a replacement or received a letter from the registrars, may send in the coupons. The advertisements will also be placed in regional and Sunday newspapers.

Mr John Fry, Abbey's director of group services, said this unusual measure had been prompted by the discovery towards the end of last week that some letters had – for a reason not yet known – reportedly still not arrived in parts of eastern and central England, and south London.

# Conder makes £11m agreed US offer

Conder Group, the construction company, has made an offer to acquire Beaman Corporation, a US maker of pre-fabricated buildings and structures, for $17.7m (£10.8m) in cash.

The $7-a-share offer, recommended by the Beaman board, is the third and largest purchase buy-out Conder has announced since last month and marks the group's first move into the US.

The directors of Beaman have also granted Conder an option to buy 500,000 new Beaman common shares at the same price. Beaman reported pre-tax profits of $233,000 in the year to January 31 1989 on turnover of $52m.

# Newgateway increases interest

Newgateway, the unsuccessful bidder in the £2bn battle for control of Gateway, yesterday announced that its holding in the UK food retailer has edged up to 39.9 per cent. In addition, valid acceptances have been received and not withdrawn in respect of 1.16 per cent of the company's shares.

Despite the fact that rival bidder Isosceles has already passed the 50 per cent mark, declared its offer unconditional and moved on to the Gateway board, Newgateway is keeping its offer open. The closing date has been extended to August 7, but could be extended again thereafter.

Advisers to Newgateway, which represents Wasserstein Perella and Great Atlantic and Pacific Tea Company, declined to comment on the extension, but this action does mean it can continue to add to its stake in Gateway without facing any limit, to the extent that there are still shares available.

# Updown Investment

Updown Investment reported net assets per 25p share of 481.3p (395.8p) at June 30 1989. Gross income in the six months to end-June £272,841 (£262,155). Earnings per share were 4.48p (4.23p).

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Clark, Matthew ......fin | 7.5 | Oct 6 | 6.5 | 13 | 11 |
| Ewart ......fin | 1.5† | Oct 20 | 1.2 | 2.25 | 1.7 |
| Goode Durrant ......fin | 2.75 | Sept 15 | 1.5☆ | 4.5 | 3.33☆ |
| Hughes Food § ......fin | 1.25 | – | 1.25 | 1.5† | 1.5 |
| Menvier-Swain § ......fin | 3.6 | Oct 2 | 2.8 | 5.2 | 4 |
| Moslac Invts ......fin | 3.5† | Oct 6 | 2 | 5.5 | 3 |
| Murray Smaller ......fin | 2 | - | 1.45 | 2.65 | 2 |
| Nesler-BNA ......int | 1† | – | 0.8 | – | 2.6 |
| Radius § ......int | 0.75† | – | 0.75 | – | 2.65 |
| Sheafbank Prop ......fin | 0.65 | Nov 1 | – | 0.75 | 0.55 |
| STC ......int | 3.75 | – | 3 | – | 9 |
| Tinsley Robor ......fin | 1.35 | - | - | 2.1 | - |
| Wood (John D)§ ......fin | 0.5 | Oct 5 | 2.5 | 2 | 4 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market. ☆Annualised from 18 months figures.

# Murray Smaller

Net assets per share of Murray Smaller Markets Trust at the year ended May 31 increased from 180.4p to 251.9p and the proposed final dividend of 2p (1.45p) makes an improved total for the year of 2.65p (2p).

Total revenue before tax increased to £2.39m (£1.86m) and after tax of £500,570 (£594,605) earnings per share after full conversion of the 'B' shares was 3.34p (2.22p).

The directors said prospects were bright in its main investment area of south-east Asia and Europe.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- AMS, Automated Security, Fleming Fledgeling, Globe Inv, Hafslund Nycomed, Hepworth, Kodo Intl, Mount Charlotte, Tranwood, Yelverton.

Finals- Dyson (J & J), Eve, Fleming Enterprise, Gibbs Mew, Jury's Hotel, Kenyon Securities, Mountleigh, Smith (David S), Sock Shop, Wood (SW).

FUTURE DATES

Interims-

| | |
|---|---|
| EIS | Sep. 18 |
| Iceland Frozen Foods | Sep. 13 |
| Impala Platinum | Aug. 9 |
| Ingham (George) | Sep. 14 |
| Molyns | Aug. 1 |
| Pearl | Sep. 6 |
| Trans-Natal Coal | Aug. 3 |
| Finals- | |
| Mieys | July 28 |
| Oceonics | July 27 |

# A considerable prize in sight

## David Barchard poses the likelihood of George Younger becoming Royal Bank's chairman

THOUGH IT has not yet been formally announced that George Younger, who resigned on Monday as Defence Secretary, is to become the next chairman of the Royal Bank of Scotland, his eventual succession seems virtually assured.

Sir Michael Herries, the present chairman, will be 67 early next year and has held the post for almost eleven years. There is no obvious internal candidate to succeed him. Mr Younger's ministerial record and his relations with the bank combine to make him an exceptionally strong contender to head the UK's fifth largest bank.

Yesterday RBS was keeping silent on Mr Younger's role, beyond saying that Sir Michael was delighted that Mr Younger had accepted an invitation to join the Board. It would not say whether he would be an executive or a non-executive director, and declined to comment on the possibility that he would succeed as chairman.

It seemed clear, however, that Mr Younger would not have decided to take an early retirement from politics unless he had a considerable prize in his sight. In the past year he has been several times tipped as a future Foreign Secretary and was not among those ministers in danger of being unwillingly discarded by the prime minister in the recent reshuffle.

George Younger: has accepted an invitation to join the board

Last week however Mr Younger informed his local constituency organisation in Ayr that he would be resigning shortly as Defence Secretary to go into business in Scotland, and that he would not seek re-election to the House of Commons at the next General Election.

His particular appeal to RBS as a possible chairman goes back to 1981 when he was Scottish Secretary. Rival £500m bids for the bank from Hongkong and Shanghai Banking Corporation and Standard Chartered were vetoed by the Monopolies and Mergers Commission after a battle which had sucked in almost every major Scottish political lobby.

"The removal of management and control of the group from Scotland would be a serious detriment," the Commission said. This contrasted with the attitude of the bank's own management which had favoured a takeover by Standard Chartered.

The Commission's verdict was warmly welcomed by Mr Younger who was is still widely regarded in Scotland as having won the battle to retain Royal Bank of Scotland's independence.

The bank has come to think of itself as a major player in the UK market, competing aggressively with the "big four" clearing banks. It has acquired Citizens Financial of Rhode Island for $440m, and last October it forged an alliance with Banco Santander of Spain.

# Brierley facing strong opposition to Molins bid

By Ray Bashford

SIR RON Brierley, the New Zealand businessman, is likely to meet strong institutional opposition to his £56.3m offer for Molins, the cigarette machinery maker.

The potential threat to Sir Ron's second attempt to take over Molins emerged yesterday as institutions began considering the company's defence document which forecasts a substantial recovery in earnings.

Seven institutions controlling about 50 per cent of Molins' capital have given indications that they will reject the 190p a share cash offer.

M&G, which led the opposition to the New Zealander's first bid in 1987, will head the opposition with its 18.5 per cent stake and will be supported by Heine Securities with 8.5 per cent and the Pearl and the Prudential which together control 10 per cent.

Sir Ron yesterday criticised M&G for complacency in remaining loyal to the Molins' board. "M&G most certainly should have been more demanding with this company since supporting the board when the shares were 300p. But to them (M&G) this investment is just a drop in the bucket," he said.

The defence document was attacked by Sir Ron for providing an excessively optimistic image of the company's future.

"This is just a repeat of what we heard two years ago at the time of our first offer. Suddenly everything is rosy in the garden.

"Either we succeed in this offer or we fail. If we fail we will watch the shares slide and make another offer later at 90p," he said.

Molins' shares firmed 12p to 209p yesterday following the release of the defence document which forecast pre-tax profits for the current year of £13m, including a net credit of £2.85m from the application of accounting standard SSAP 24 concerning pension costs, compared with £8m in the previous 12 months.

Mr Michael Wright, Molins' managing director, said that the offer, which places the shares on a price earnings multiple of 6.6 times, was "totally inadequate".

# Menvier breaks into French market with £9.6m purchase

By Andrew Hill

MENVIER-SWAIN Group, the USM-quoted emergency lighting and fire alarm company, has moved into the French market through tha FFr 100m (£9.6m) purchase of Luminox, another emergency lighting group.

The acquisition, Menvier's largest yet, will be partly funded by a 2-for-11 rights offer at 305p a share to raise £6.3m. About FFr 10m will be paid in new shares, with the balance comiog from existing cash resources. The shares closed at 360p, down 2p.

Menvier, which claims a 25 per cent share of the UK emergency lighting market, also announced pre-tax profits up from £2.71m to £3.58m in the year to April 30.

Luminox, based in the Auvergne region of France, makes battery-powered emergency lighting products, and returned profits of FFr 12.8m on turnover of FFr 47.6m in 1988.

During 1988-89, Menvier bought Blessing, a Netherlands lighting group. The group aims to continue to expand its emergency lighting operations in continental Europe, building up a fire alarm business later.

Menvier's turnover rose 42 per cent to £26m (£18.3m) last year, but margins were held back slightly by an increase in net interest charges to £201,000, following cash acquisitions. Earnings per share rose from 15.6p to 21p and the company is recommending a final dividend of 3.6p, making 5.2p (4p) for the year.

In the UK, sales of fire alarm systems grew from £2.2m to £3.6m, but emergency lighting remained the largest contributor, increasing turnover from £8.8m to £11.4m. Menvier said other UK operations, including contracting, precision engineering, control panel and circuit manufacture, had again run up against stiff competition. Profits fell from £190,000 to £160,000, on turnover up to £5.9m (£5.2m).

Sales overseas, including Menvier's Australian and US operations, rose from £2.47m to £6m.

● **COMMENT**

Menvier's directors are justifiably rather proud of breaking into the French emergency lighting market, which is dominated by two much larger companies; Luminox, in third position, claims about 12 per cent. Overseas contributions could eventually surpass domestic profits at Menvier, the UK's largest manufacturer of emergency lighting. That would reduce the need to set up a third area of activity to balance the growing emergency lighting and fire alarm businesses. As a side-effect of the latest deal, gearing should increase temporarily from 29 to 60 per cent but interest cover is strong. In any case, the shares look attractive, and should become more marketable once tha Luminox rights offer reduces directors' holdings from 80 per cent to about 62 per cent. At the moment they are on a prospective multiple of about 14, based on forecast pre-tax profits for this year of more than £5.1m.

# Hughes Food drops to £3.9m

By Edward Sussman

HUGHES FOOD Group blamed difficult trading in its fish processing division and high interest rates for a 22 per cent decline in pre-tax profits from £5.0m to £3.91m in the year to April 1.

But after a £3.5m extraordinary charge for reorganisation costs, £229,000 (£1.69m) in tax and a £1.1m payout to maintain the dividend at 1.5p, Hughes retained a loss of £889,000. Earnings per share were 5.2p (5.1p) and turnover remained steady at £50.8 (£50.7m).

Mr John Hughes, chairman, said food services, construction, distribution and fork truck activities remain healthy. The group will focus more attention on higher margin food processing activities, he said.

Mr Hughes also announced that Sopagri, a subsidiary of Credit Agricole, has taken a 7.77 per cent stake, which is likely to increase to 10 per cent.

Hughes share price remained unchanged at 36p yesterday.

# John Wood 82% lower as house sales show downturn

By Clare Pearson

PRE-TAX profits of John D Wood fell by 82 per cent from £1.46m to £257,000 in the year to end-April after the upmarket London and country residential estate agent fell into loss during the second half.

Falling turnover in the London housing market as a result of interest rate rises was mainly to blame for the downturn, the company said, while extra costs also had an effect. Earnings per share fell to 1.7p (12.3p).

Floated on the USM in January 1987 at 144p, the shares closed just 2p down at 88p. Yesterday's announcement came after a warning earlier this month that the company had slipped into the red during the second half. Profits at the interim stage stood at £435,000 (£1.1m).

Directors speaking for 46.6 per cent of the shares will be waiving their entitlement to the recommended final dividend of 0.5p (2.5p), which halves the total payment for the year to 2p.

Mr George Pope, joint chairman, said Wood had been trading profitably since the end of April but he still anticipated a very difficult year ahead.

The profits fall was scored on turnover just 8 per cent down at £5.38m (£5.86m), but about £300,000 of sales came from the addition of a new office in Farnham and a lettings business acquired in October last year, which also pnt in £33,000 to pre-tax profits.

The underlying turnover figure would have taken about £500,000 from the pre-tax line. The rest of the profits fall was ascribed to the move to a new headquarters in Mayfair, the opening of the Farnham office, additional advertising expenditure during the first half, and aborted acquisitions.

Savings of about £500,000 had been achieved since January through a cut in advertising, non-replacement of staff, and a small number of redundancies. There was no scope for further cuts, Mr Pope said.

It was impossible to make regional observations about the performances of the eight, mostly west, London offices, he said. In the country, the market for the thinly available, most desirable properties was still good but houses of £300,000 or below were suffering as London was.

Offices in Oxford and Chelmsford have recently been added to the four out-of-London outlets. It was hoped to establish an agricultural business in East Anglia from Chelmsford. Home from Home, the lettings business, was performing encouragingly.

The sale and leaseback of an office in Hampshire will provide an extraordinary profit of £200,000 in the current year figures.

# Martell compensation lifts Matthew Clark

By Vanessa Houlder

MATTHEW CLARK and Sons (Holdings), the wines and spirits distribotor, yesterday announced an 8.8 per cent increase in pre-tax profits from £7.72m to £8.41m for the year to April 30.

The company, which has recently lost its distribution agreement for Martell and Irish Whiskey, said that the current year would be one of re-adjustment although it hoped that profits would at least be maintained.

The results benefited from £4m compensation for the loss of the Martell distribution arrangement, which followed Seagram's acquisition of Martell last year. However, this was partly offset by £3.4m of reorganisation costs.

In addition to costs associated with the loss of the Martell agency, the group incurred costs from transferring UK production of Stone's Ginger wine to Leeds. This has freed the London site, valued at about £5m, for redevelopment once a new head office has been found.

Sales increased by 5.1 per cent to £112.51m (£107m), reflecting slower growth in the second half due to general weakness in the wines and spirits trade.

Matthew Clark & Sons, the drinks agency business, ceased distributing Martell on April 30 and Irish Whiskey on July 1. Since then it has acquired the agencies for Blandy's Madeira, Aveleda Vinho Verde and Les Routiers table wines and talks are being held over distributing other wines.

Mr Francis Gordon Clark, chairman, said that unless the agency business won any substantial additions, it would take three or four years for it to regain the same level of profit as last year.

J E Mather had a difficult year with a drop in income from British Wine sales. It is expected to benefit this year from two additional British Wine hrands.

Malcolm Cowen, a specialist drinks supplier, showed a slight drop in profits as margins came under pressure although it increased its sales.

I H Baker, the group's Australian company, was "firing on all cylinders" said Mr Gordon Clark. It moved from a loss of £110,000 to a pre-tax profit of £438,000.

Sealark Transport, which provides transport and warehousing services, increased tnrnover hut due to an increase in overheads it made no profit contribution.

Earnings per share rose by 18.1 per cent to 44.4p (37.6p). A final dividend of 7.5p (6.5p) was proposed, making 13p (11p) in total.

● **COMMENT**

Matthew Clark has suffered the loss of two of its best agency agreemeots with a stiff upper lip. The disruption has been eased by the compensation payment and it has the benefit of diversifications made well before the upheavals in the drinks industry. Its Australian operation and its specialist transport and warehousing service promise to help make up the gap left by Martell, as should an improved performance from its British wine division. That said, it will have to run hard to etand still this year. Assuming profits are unchanged, its share price, down 2p to 443p, puts it on a rating of 10. Investnrs are likely to remain cautious in the short term, although given the unique nature nf its husiness its shares are fair value.

# Sheafbank Trust plans bank expansion

By Ian Hamilton Fazey, Northern Correspondent

SHEAFBANK Property Trust yesterday announced pre-tax profits more than trebled from £251,058 to £834,027 and the formation of a joint venture to buy Manchester Exchange and Investment Bank, a small, fully-authorised bank operating mainly in the English regions.

The deal has the approval of the Bank of England. The Manchester merchant bank, founded by Mr Maurice Schlesinger in 1876, was expanding when it was hit by the stock market crash of October 1987. It lost more than £500,000 in that financial year, though it has been improving since.

Sheafbank was the vehicle used by the Manchester-based Gradel family business to go public in 1984. Its main activity is property investment. Mr David Gradel, managing director, said yesterday that there were considerable opportunities for regional merchant banking in Britain.

It is joining forces with the pension funds of Allied-Lyons, D'Arcy Masius Benton & Bowles and C Brewer & Sons, together with Leopold Joseph & Sons to acquire and develop Manchester Exchange Trust (Manex), the bank's owner.

Leopold Joseph is itself 30 per cent owned by Manchester-based Refnge Assurance, which recently took stakes in the Henry Cooke financial services group and its Edington merchant bank, also based in Manchester.

A new company, Schlesinger Investments Corporation, is being formed to acquire Manex through Schlesinger Holdings, a wholly-owned snbsidiary. The parent will be half-owned by Sheafbank, with a 30 per ceot share for Allied-Lyons and the rest divided between the other funds.

The subsidiary will pay an initial £1.85m for Manex, with another £2.55m maximum payable over four years in cash, depending on performance. Schlesinger and Leopold Joseph together will also subscribe £3m for new share capital in Manex, for which Leopold Joseph will get a 9 per cent holding. The relationship with Sheafbank will be at arm's length.

Manex's services include portfolio management, advisory and discretionary cash management, money broking, treasury and currency advisory services and corporate finance. It has a broad client hase among building societies and private companies in the north and other regions.

Mr Jack Gradel, Sheafbank's chairman, said that Manex owned one of a limited number of iodigeoous regional banks which had an exploitable niche in financial markets.

Sheafbank reported an increase in shareholders' funds to £5.6m (£4.9m) and total assets of £8m (£7m), including £3.7m cash.

A final dividend of 0.65p per share brings the year's total to 0.75p (0.55p). It expects further growth as a result of forming UK Estates, a 50/50 joint venture with Philips Pensioo Fund, in April.

# Mosaic surges to £2.43m and agrees new buy

By John Murrell

MOSIAC INVESTMENTS, the acquisitive entrepreneurial management and holding company formerly known as Press Tools, yesterday announced a £1.45m surge in pre-tax profits to £2.43m for the 1988-89 year.

The company, which tucked eight acquisitions under its belt during the period, also announced that it had entered into a conditional agreement to acquire Stainless Steel Services, based in the West Midlands, for an initial £1.29m in cash and shares.

Further consideration, to a maximum £1.25m payable in shares, is dependent on SSS profits. The company, a stainless steel stockholder, made £244,000 pre-tax for the 1988 year.

For the year to April 30, Mosiac increased its turnover from £7.28m to £15.54m and its earnings per 10p share from 13.45p to 21.6p. The dividend is being stepped up to 5.5p (3p) via a proposed final of 3.5p.

The results reflected organic growth within existing businesses and the acquisitions made during the year. The group has five core businesses – industrial products, automotive accessories, signs, bar and catering products and communications.

Tha directors believed Mosiac was well positioned to pursue its objective of achieving above average earnings per share and dividend growth.

## Tilbury urges Lilley rejection

Tilbury Group, which is on the receiving end of an unwelcome £126m bid from fellow construction group Lilley, yesterday urged shareholders to reject bid terms contained in an offer document sent earlier this week.

# National Home Loans sets up banking subsidiary

By David Barchard

NATIONAL HOME LOANS Holdings, the housing finance group, has set up a banking subsidiary in a move to diversify the group's funding base.

National Home Loans Bank, the name by which the new bank will be known, has a capital of £50m and is to be headed by Mr Paul Dare, until now NHL's Treasurer. Authorisation under the Banking Act has been received from the Bank of England.

Mr Kevin Milner, managing director for finance and development, said yesterday that setting up the hank would enable NHL to reduce funding costs and obtain access to deposits and other new sources of funding.

"Various deposit products are under consideration but I emphasise we do not intend to operate as a huilding society or as a small clearing bank," he said.

Current account and deposit systems will be operated oo a central system and the new hank will not attempt to create an elaborate branch network.

The new bank will also offer its own mortgage loans and related financial prodocts along the lines of those already offered by NHL's original mortgage company, National Home Loans Corporation.

NHLC will administer the mortgage portfolio built up by the bank.

NHL's decision to set np its owo banking subsidiary comes ten days after it withdrew its bid for Business Mortgages Trust, a West of England mortgage finance group with banking authorisation, after being outbid by Nykredit, the Danish Mortgage Corporation.

## NEWS DIGEST

# Nestor pays £12m for jobs agency

NESTOR-BNA, the nursing agency and operator of nursing homes, yesterday announced that it was to buy Hewitson-Walker, an accountancy recruitment agency, for an intial payment of £12.42m.

As reported in the Press at the weekend, the company has signed a joint venture agreement with a US company, Nntri/System, to offer its weight-loss programmes in the UK. Nestor's share price fell 12p on Monday and slipped a further 5p yesterday to close at 123p.

Hewitson-Walker recruits and places temporary accountancy staff in the Greater London area. In the year to October 8, it made pre-tax profits of £2.1m on turnover of £9.6m.

Yesterday, Nestor also announced its results for the 24 weeks to June 16. Pre-tax profits advanced from £2.07m (restated) to £2.2m. Turnover was £34.48m (£28.77m). Earnings per share worked out at 3.44p (3.25p) and an interim dividend of 1p (0.8p) was declared.

## Radius profits slip midway

Radins, the USM-qnoted computer systems and maintenance group, reported a slight reduction in pre-tax profits from £1.09m to £1.02m for the six months ended May 31 1989, on turnover greatly increased at £13.45m, against £6.12m.

After tax of £355,000 (£348,000) earnings per 5p share were 2.5p (3.5p). The interim dividend is held at 0.75p.

Mr E Sharp, chairman, said second-half figures would depend upon the timing of translating developments into delivered business, but he was confident that they would adequately demonstrate a return to profit levels more commensurate with the greatly expanded size of the group.

## Interest fall boosts Ewart to over £1m

Ewart, the Belfast-based property developer, reported pre-tax profits more than 2½ times higher at £1.3m, against £509,000, for the year to the end of April. Turnover was np from £5.61m to £8.95m, an increase of 59 per cent.

The result was helped by a fall in net interest payable from £736,000 to £116,000. After tax of £439,000 (£237,000) earnings per share came out at 5.94p (2.69p) on a net basis or 5.28p (3.05p) on a nil basis. A final dividend of 1.5p is recommended for a total of 2.25p (1.7p).

Mr John McIlroy, chairman, said the company had grown substantially in the past few years from small beginnings and was well placed for further growth. Opportunities for expansion in the UK were being explored and a number of proposals for joint ventures were being discussed.

The company is seeking a quotation on the Dublin Stock Exchange.

## Modwen doubled to over £4m

Doubled pre-tax profits of £4.17m were announced by St Modwen Properties, the Birmingham-based property development and investment company, for the six months ended May 31 1989.

Mr Stanley Clarke, chairman and chief executive, said the company had maintained its commitment to increasing the rent roll of the investment portfolio. Prudent financial management meant the directors had the choice of either selling or retaining developments as appropriate. Borrowings had been fixed at rates below market levels, he added. The development programme was divided equally between tha industrial, offices and retail property sectors.

Turnover advanced by 78 per cent to £16.75m (£9.66m) and the taxable result was after interest charges of £494,000 (£514,000). Tax took £1.46m (£605,000) and minorities contributed £42,000 (nil) to leave earnings per share of 2.3p (1.2p).

## Tinsley Robor advances to £1.65m

After a "pedestrian" second half, pre-tax profits at Tinsley Robor, the packaging and printing group which came to the stock exchange via a placing in July 1988, advanced from £1.58m to £1.65m for the year to March 31.

There were losses of £230,000 from discontinued activities in 1987/88 and the loss-making packaging subsidiary, Robor, was sold for £1.9m last week.

Turnover rose 8 per cent to £35.1m (£32.6m). Mr John Rose, chairman, said that there had been some elackening of demand in recent months.

However, he expected improved profits in the current year and the final dividend is raised to 1.35p for a 2.1p total. Earnings worked through at 4.5p (5.7p) per 5p share after tax of £621,000 (£608,000). An extraordinary £617,000 (£447,000) debit resulted from the sale of businesses.

## COMMODITIES AND AGRICULTURE

# EC ministers deadlocked over extra milk quotas

By a special correspondent in Brussels

DISAGREEMENTS among EC Agriculture ministers meeting in Brussels last night prevented significant headway on plans to provide extra milk quotas for new entrants, small producers and those in disadvantsged areas.

Discussions on the possible enspension of the so-called "budget stabiliser" addition to the cereal co-responsibility levy – under which e community crop in excess of 160m tonnes would cost producers a further 3 per cent of the guide price – also showed little sign of progress.

Most of yesterday was taken np with hilateral meetings between ministers and Mr Henri Nallet, the French Agriculture Minister and president of the Council, on plans to revamp the sheepmeat regime and last night ministers were preparing for an all night session on this complex issue.

A 35-page document on the milk quota issue was presented to ministers yesterday afternoon by Mr Ray MacSharry, the Agriculture Commissioner.

But, when it became obvious that the differences were widespread, the whole issue was handed over to the special committee on agriculture with the aim of hringing it back to the next council in September.

In basic terms, the proposals would involve altering the 5.5 per cent of quota that is temporarily suspended by making 1 per cent e permanent cut.

At the same time this would also involve cutting the subsidy to producers who have been receiving compensation for this temporary suspension.

Any such penalty would be applied to those who went over their quota in any given year.

But one of the differences revolved around exactly bow any such penalty would be applied.

# Tin payout 'as far off as ever'

By Kenneth Gooding, Mining Correspondent

"PERFIDIOUS, pusillanimous, peccant and perverse are inadequate adjectives to describe the hehaviour of what should be responsible bodies," says Mr Christophar Green, chairman of the London Metal Exchange, in a typically outspoken attack on the governments represented on the International Tin Council.

His attack coincides this week with a new round of talks hetween the ITC's working group and creditors who claim they are owed more than £500m following the 1985 collapse of the ITC's buffer stock.

Delegates reported that progress at the meetings so far has been slow. Bank and hroker creditors have indicated they would be willing to settle for £182.5m compared with the £225m they previously asked for, they said. So far the ITC governments have been prepared to offer no more than £150m.

"A collective decision of the governments actually to pay seems as far off as ever," comments Mr Green in the Mining Journal's annual review.

He suggests the 22 governments responsible for the collapse and default of the ITC "are still wriggling and squirming to avoid their moral, if not legal, ohligations."

However, there are notable exceptions, in particular the Canadian Government, which appears to have been largely responsible for the recent initiative towards finding a solution.

Mr.Green points out that the main group of international bankers and brokers pursuing the ITC for restitution have indicated that they are prepared to accept less than half of their total claims, now totalling about £513m.

There are court actions in various parts of the world, he points out, "some of which may yet hring certain governments to book."

Referring to the LME's decision to start trading tin again in June, Mr Green suggests it will be some months before turnover builds up to satisfactory levels.

However, he says "in the absence of an ITC it may well he that producers and end users, particularly the important tin plating sector, may be more inclined to use the market now than they were when the ITC was dominant."

The Mining Journal's annual review covers metals, minerals and mining in nearly all aspects – from aluminium to zirconium, from Afghanistan to Zimbabwe – and is an essential reference book for anyone interested in the industry.

*"Mining Annual Review," £35 to non-subscribers, from Mining Journal, 60 Worship Street, London, EC2A 2HD.*

**FIVE UK law lords yesterday reserved judgment at the end of e six-week hearing of claims arising from the 1985 tin crisis, after hearing appeals by bank and broker creditors of the International Tin Council, reports Reuter.**

**The creditors' actions relate to losses incurred when ITC buffer stock operations collapsed in 1985. Solicitors said judgment was unlikely to be given before October or November.**

**Creditors claimed in a series of *"direct actions"* that the ITC's 22 member states were liable for the Council's debts. In addition, broker Maclaine Watson and Company was seeking the appointment of an ITC receiver.**

**The Court of Appeal heard the cases in 1988, when two of the three judges rejected the direct actions and all turned down the receivership application.**

**The cases are the first of the creditors' actions to reach the House of Lords.**

**The House of Lords appeals were heard by Lords Keith, *Brandon, Templeman, Griffiths* and Oliver.**

# Beef scheme 'could give farmers £7.5m more'

By Bridget Bloom, Agriculture Correspondant

BRITAIN'S heef prodncers could be £7.5m better off if the new support scheme under the European Community'a beef regime were differently administered, a parliamentary select committee belleves.

According to the Commons select committee on agriculture, tentative estimates suggest that about 16 per cent of animals which should be eligible for the £29.19p a head payment are not receiving it because payment is made at the point of slaughter rather than on the farm.

The committee recommends that the Government should ultimately move to on-farm payments, providing the administrative costs of doing so do not outweigh the benefits.

Most other EC member states pay the special beef premium, which is limited to 90 head of male cattle per holding in any one calender year, on the farm. However, Britain introduced the scheme only in April and decided to pay at the point of slaughter for administrative simplicity.

The beef special premium was introduced in most member states in 1987. It acts as an income supplement to beef producers to offset the effects of cuts in the level on intervention support.

Britain introduced the BSP as part of reforms to the beef regime agreed in January. These were intended both to cut budgetary costs and to harmonise support arrangements in preparation for the single market in 1992.

*Agriculture Committee. Third report: Implementation of the new beef regime.*

# Record exports of Thai rice

THAI RICE exports will rise to at least a record 5.5m tonnes this year from the previous high of 4.78m in 1988, the private Board of Trade said, reports Reuber from Bangkok.

The board said in its weekly bulletin that rice had enjoyed continuing hrisk foreign demand in the past month.

Exports had doubled to a record 3.52m tonnes during the first half-year from 1.72m a year earlier.

The board said Thai traders had been more cautious in committing themselves to fixed-price overseas sales as it was difficult to forecast how long rice prices would remain firm this year.

China topped the buyers' list in January/June, taking 882,725 tonnes. Indonesia took 351,975, and Singapore 146,883.

# Australian wool season's poor start

By Chris Sherwell in Sydney

AUSTRALIA'S 1989-90 wool-selling season has got off to a shock start, with the Australian Wool Corporation huying in no less than 40 per cent of the first day's offerings on Monday and 37 per cent yesterday.

The corporation operates a floor price scheme which protects wool growers from the full impact of price flnctuations. But already it is clear that the current floor price of 870 Australian cents per kilogram (clean) is out of line with market conditions.

Wool is one of Australia's most important exports, along with coal and tourism, hnt sharply increased production – a reflection of the guaranteed high prices for growers – is now meeting seriously weakened demand, notahly from China and Japan.

On Monday, the overall market indicator price was 890 cents per kilogram (clean), hut the corporation ended up huying 40 per cent of 15,880 bales on offer. Yesterday, when 21,200 bales were for sale, the corporation bought 37 per cent. The market indicator price was 889 cents.

The floor price is identical with last year's, and is not likely to be reviewed until the end of the season. If demand continues to remain weak, therefore, the corporation will have to dig into its pockets.

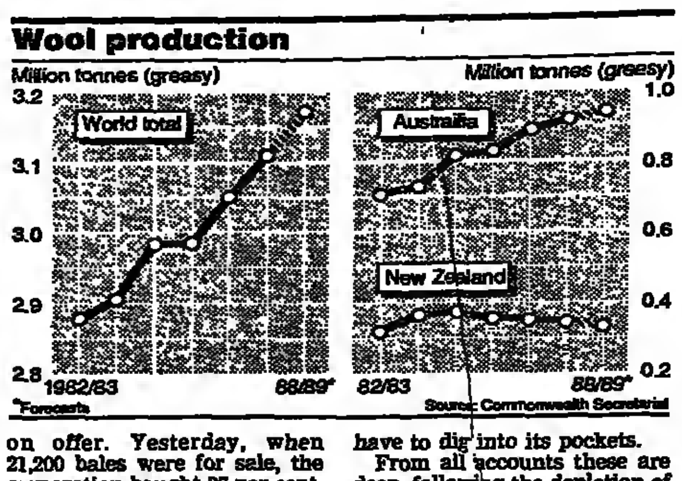
From all accounts these are deep, following the depletion of its large stockpile at the high prices of the past two seasons. On the corporation's most recent, and almost certainly conservative, forecast that it would buy in 800,000 bales, or 140m kilograms, in the current season, only about half of its resources would be consumed.

Australian shorn wool production is projected to rise to almost 940m kg this season, up 6.4 per cent from the 1988-89 figure of just over 880 kg. The main reason is increased sheep numbers, hut the actual cut per head is also expected to reech record levels.

On the demand side, it is clear that China, e strong huyer of Australian wool in the past, is virtually out of the market at present. Japan, another strong buyer, is said to be taking less because it has large stocks of yarn and its textile industry is importing fine worsted wools from Europe.

Overall, market analysts believe wool is destined to become cheaper, hut for buyers of Australian wool this seems likely to occur in the next few months only if the Australian dollar hecomes cheapar. At present the currency is being propped up by the Australian Government's high interest rate regime.

**Wool production**



*Forecasts Source: Commonwealth Secretariat

# Good opening aided by fall in NZ dollar

By Terry Hall in Wellington

THE 1989-90 New Zealand wool season began well last Thursday with the market indicator rising 6 cents to 666 cents at the combined North Island wool sale at Napier.

This was helped hy a drop in the value of the New Zealand dollar, which eased hy 1.25 US cents from 57.70 to 56.45 from the last sale of the previous season on June 29.

Compared with the previous sale, cross-hred fleece rose 2 per cent while cross-hred second shear, cross-hred clothing and cross-hred crutchings all rose to 2.5 per cent.

The Wool Board actively supported the sale, hidding on 38 per cent. However it purchased only 7 per cent or 119 clean tonnes, indicating the underlying strength of the market.

This was due to the expected drop in production due to a sharp decline in sheep numbers becanse of government economic restructuring as well as a decline caused hy drought problems, which have severely curtailed sheep numbers on the east coast of both North and South Islands.

The Wool board's review of the last season says that, thanks to strong demand from China, prices were firm for much of the previous season.

This began in July with an indicator of 618 cents, up 18 cents on the previous season. The indicator hit a peak in October last year at 741 cents, when board supplies fell to a seasonal low of 6,400 tonnes.

However, demand fell away in October and November and the market indicator fell to 650 cents. Prices rose again in December and January, reaching a new high of 702 cents in February. Demand saw a steady rise in prices, but the political upheavals in China, with the resultant uncertainty abont the future of New Zealand's main wool market, saw tha index fall to 630 cents in mid-May.

As confidence returned, the market indicator rose to end the season at 660 cents in June. End of season stocks stood at 11,700 clean tonnes (98,900 bails), the highest level for two seasons, but less than 5 per cent of total annual prodnction. The average price for the season was 688 cents, up 14 per cent from the previous season.

The Wool Board said that a significant feature of the 1988-89 season was tha strong demand for fine wool and the increase for these wools was substantially greater than for cross-bred.

Prices for merino wool (18-24 micron) rose on average by 35 per cent, half hred (25-31 micron) rose by 30 per cent, finer cross bred (32-34 micron), driven hy strong Chinesa demand, rose by 17 per cent, while coarses cross bred (35-37 micron) rose hy just 10 per cent.

The board said the rises in New Zealand's fine wool prices were equal to those for Australia earlier in the season and were assisted hy cnrrency movements.

The board has revised its wool production forecast for the 1989-90 season following the severe drought.

Sheep nnmbers as at Jme 30 were estimated at 62.4m, down from 64.6m a year ago. Wth an accompanying fall in the clip per head, production at 1989-90 is forecast at 308,000 tonnes greasy, a 7 per cent drop from the 1988-89 season's estimated levels.

The outlook for the 1989-90 season is for little change. Demand may be weaker as a result of slowing economic growth in major markets and competition hy man-made fihres which will limit price increases. An expected fall in demand from China is likely to be offset hy lowar wool production in New Zealand. The Wool Board has increased the minimum price for wool farmers for the 1989-90 season by 5 per cent to 525 cents to reflect recent market trends.

The outlook for fine wool prices, the board says, is for a fall from the record levels of the 1988-89 season. It says fine wools have lost competitiveness with man-made fibres as a result of large price increases of the last two seasons and fine wool production is expected to rise next season with a 7 per cent increase in Australian production.

# WEEKLY METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

**ANTIMONY:** European free markat 99.6 per cent, $ per tonne, in warehouse, 1,775-1,900 (1,850-1,930).

**BISMUTH:** European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 4.70-5.00 (same).

**CADMIUM:** European free market, min. 99.5 per cent, $ per lb, in warehouse, 4.70-5.20 (5.00-5.30).

**COBALT:** Enropean free market, 99.5 per cent, $ per lb, in warehouse, 7.40-7.60 (same).

**MERCURY:** European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 230-245 (235-245).

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.47-3.50 (same).

**SELENIUM:** European free market, min 99.5 per cent, $ per lh, in warehouse, 5.40-6.00 (5.50-6.00).

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 50-63 (samw).

**VANADIUM:** European free market, min. 98 per cent, $ a lb VO, cif, 5.45-5.75 (same).

**URANIUM:** Nnexco exchange value, $ per lb, UO, 9.80 (sama).

# Russia buys sugar for government food programme

THE SOVIET Union is making urgent purchases of raw and white sugar on the free market to meet new domestic orders under the government food programme, the president of Prodintorg, the state purchasing agency, said, yesterday, reports Reuter from Moscow.

Mr Alexander Krivenko said that the agency bought around 150,000 tonnes of raw sugar for prompt delivery last week. "Aiid we are in negotiation for a little more white sugar," he added.

He did not say how much white sugar his agency was seeking altogther.

"We have already bought some quantities hut we have not yet finlshed our purchasing. We think it could be completed today or tomorrow," Mr Krivenko said.

"The market is not easy and the price is very high, so we have problems."

He said present indications were that this year's Sovet beet harvest, gathering of which begins in the second half of September, would be good.

"The latest information I have is that it will be 8 to D per cent better than last year," he added.

"This is not the final figure because everything depends on rain in August. If we have enough, it may be even better. . . It is difficult to give a final prediction at present, but in general around the country, and in the Ukraine and Krasnodar areas, it is better than in 8."

## LONDON MARKET STATISTICS

## LONDON MARKETS

LONDON COFFEE futures tested fresh 8-year lows yesterday before prices were lifted by profit-taking on short positions and light short-covering. As traders continued to react to the aggressive sales policies with which producers have replaced the defunct International Coffee Organisation quota system the September position slipped to £767 a tonne at one stage – £57 below the level ruling a week earlier. But it closed at £783 a tonne, down £25 on the day. Traders said coffee dealers had added to the pressure on prices by offering coffee stored in Europe at prices even lower than the producers'. Roasters, meanwhile, are content to let stocks run down, confident that they will be able to secure fresh supplies when they need them. On the London Metal Exchange, the aluminium price ended its 5-day run of price rises with a $13 fall to $1,735 a tonne.

**SPOT MARKETS**

| Crude oil (per barrel FOB) | | + or - |
|---|---|---|
| Dubai | $14.90-5.00z | +0.05 |
| Brent Blend | $17.45-7.55w | +0.09 |
| W.T.I. (1 pm est) | $18.80-8.85z | -0.04 |
| **Oil products (NWE prompt delivery per tonne CIF)** | | + or - |
| Premium Gasoline | $187-188 | +1 |
| Gas Oil | $149-150 | |
| Heavy Fuel Oil | $85-87 | -1 |
| Naphtha | $155-157 | -1 |
| *Petroleum Argus Estimates* | | |
| **Other** | | + or - |
| Gold (per troy oz)♣ | $371.75 | +0.25 |
| Silver (per troy oz)♣ | 520c | -2 |
| Platinum (per troy oz) | $490.9 | -2.5 |
| Palladium (per troy oz) | $148.00 | -0.15 |
| Aluminium (free market) | $1755 | +10 |
| Copper (US Producer) | 114⅞-118 | +1½ |
| Lead (US Producer) | 38.5c | |
| Nickel (free market) | 870c | +10 |
| Tin (Kuala Lumpur market) | 25.22r | +0.11 |
| Tin (New York) | 443.5 | +3.6 |
| Zinc (US Prime Western) | 80½c | |
| Cattle (live weight)† | 114.54p | -3.70* |
| Sheep (dead weight)† | 158.03p | -21.4* |
| Pigs (live weight)† | 51.07p | -6.59* |
| London daily sugar (raw) | $343.0t | -8.5 |
| London daily sugar (white) | $477t | -7 |
| Tate and Lyle export price | £325.0 | -7.5 |
| Barley (English feed) | £104.25w | -0.25 |
| Maize (US No. 3 yellow) | £130 | |
| Wheat (US Dark Northern) | £121.75t | -0.5 |
| Rubber (spot)♥ | 58.25p | -0.25 |
| Rubber (Aug)♥ | 60.75p | +0.5 |
| Rubber (Sep)♥ | 61.50p | +0.5 |
| Rubber (KL RSS No 1 Aug) | 250.5m | -1.0 |
| Coconut oil (Philippines)§ | $520.0t | -7.5 |
| Palm Oil (Malaysian)§ | $295t | -20 |
| Copra (Philippines)§ | $330 | -5 |
| Soyabeans (US) | £167w | |
| Cotton "A" index | 83.5c | -0.3 |
| Wooltops (64s Super) | 600p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Dec. w-Aug. z-Sep. u-Jun/Jul. x-Jul/Aug. t-Aug/Sep. v-Aug/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

**COCOA £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Jul | 858 | 856 | 856 848 |
| Sep | 873 | 864 | 874 868 |
| Dec | 926 | 915 | 927 909 |
| Mar | 901 | 894 | 901 888 |
| May | 811 | 900 | 905 897 |
| Jul | 926 | 916 | |
| Sep | 940 | 932 | 931 |

Turnover: 1674 (1551) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 24 1067.86 (1079.50) :10 day average for Jul 25 1065.76 (1062.30)

**COFFEE £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Jul | 800 | 803 | 790 777 |
| Sep | 785 | 798 | 794 767 |
| Nov | 793 | 808 | 802 776 |
| Jan | 815 | 830 | 823 798 |
| Mar | 838 | 851 | 845 824 |
| May | 865 | 866 | 865 846 |
| Jul | 877 | 889 | 885 875 |

Turnover: 3549 (4483) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 24: Comp. daily 73.44 (74.72). 15 day average 76.25 (79.83)

**SUGAR ($ per tonne)**

| Raw | Close | Previous | High/Low |
|---|---|---|---|
| Aug | 312.20 | 309.00 | 314.00 303.00 |
| Oct | 314.00 | 310.40 | 315.60 303.40 |
| Dec | 312.00 | 299.00 | 295.00 |
| Mar | 292.80 | 290.00 | 294.00 286.00 |
| May | 289.00 | 288.40 | |
| Aug | 287.00 | 282.40 | |
| **White** | **Close** | **Previous** | **High/Low** |
| Oct | 413.50 | 410.00 | 415.00 407.00 |
| Dec | 373.50 | 372.80 | 370.00 368.00 |
| Mar | 359.00 | 359.50 | 359.50 354.00 |
| May | 358.00 | 357.00 | 354.80 353.00 |

Turnover: Raw 6627 (4100)lots of 50 tonnes. White 2018 (824).
*Paris- White (FFr per tonne): Oct 2632, Dec 2377, Mar 2300, May 2290, Aug 2280, Oct 2240.*

**CRUDE OIL $/barrel**

| | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 18.92 | 17.00 | 18.95 16.81 |
| Oct | 16.82 | 16.87 | 16.88 16.74 |
| Nov | 16.72 | 16.72 | 18.74 16.72 |
| IPE index | 17.01 | 17.53 | |

Turnover: 10834 (9820)

**GAS OIL $/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Aug | 147.25 | 147.25 | 147.50 145.75 |
| Sep | 147.25 | 147.50 | 147.25 145.75 |
| Oct | 149.25 | 149.50 | 149.00 148.00 |
| Nov | 150.75 | 151.25 | 151.00 149.50 |
| Dec | 151.50 | 151.50 | 151.50 151.25 |
| Jan | 149.50 | 151.00 | 151.50 148.50 |

Turnover 8481 (6632)lots of 100 tonnes

**COTTON**

Liverpool-Spot and shipment sales for the week ended 21 July amounted to 8 tonnes against 430 tonnes in the previous week. Slow trading occured with interest in Israeli, American, West African and Pakistan *growths*.

**JUTE**

Aug/Sept c and f Dundee BTC $550, BWC $540, BTD $465, BWD $475; c and f Antwerp BTC $515, BWC $505, BWD $435, BTD $445.

**LONDON METAL EXCHANGE** (Prices supplied by Amalgamated Metal Trading)

| | Close | Previous | High/Low | AM Official | Kerb close | Open interest |
|---|---|---|---|---|---|---|
| **Aluminium, 99.7% purity ($ per tonne)** | | | | | | Ring turnover 8,875 tonne |
| Cash | 1733-7 | 1747-8 | | 1755-6 | | |
| 3 months | 1740-3 | 1753-4 | 1770/1738 | 1750-1 | 1743-5 | 31,364 lots |
| **Copper, Grade A (£ per tonne)** | | | | | | Ring turnover 20,175 tonne |
| Cash | 1588.5-9 | 1577-8 | 1590/1586 | 1589-9 | | |
| 3 months | 1575-6 | 1585-6 | 1580/1572 | 1578-80 | 1578-9 | 70,478 lots |
| **Lead (£ per tonne)** | | | | | | Ring turnover 9,750 tonne |
| Cash | 420-2 | 423-5 | | 417-8 | | |
| 3 months | 410-1 | 411-2 | 410/409 | 408.5-9 | 410-11 | 8,971 lots |
| **Nickel ($ per tonne)** | | | | | | Ring turnover 1,280 tonne |
| Cash | 12450-500 | 12150-200 | 12500/12250 | 12425-75 | | |
| 3 months | 11600-600 | 11300-400 | 11590/11400 | 11650-600 | 11550-600 | 5,716 lots |
| **Tin ($ per tonne)** | | | | | | Ring turnover 1,100 tonne |
| Cash | 9980-60 | 9565-75 | | 9640-5 | | |
| 3 months | 9650-60 | 9535-60 | 9670/9570 | 9640-50 | 9660-5 | 2,856 lots |
| **Zinc, Special High Grade ($ per tonne)** | | | | | | Ring turnover 8,375 tonne |
| Cash | 1675-85 | 1675-80 | 1695/1685 | 1690-700 | | |
| 3 months | 1596-8 | 1595-7 | 1615/1595 | 1603-5 | 1598-602 | 10,529 lots |
| **Zinc ($ per tonne)** | | | | | | Ring turnover 4,200 tonne |
| Cash | 1620-30 | 1625-35 | | 1630-5 | | |
| 3 months | 1545-60 | 1545-60 | 1555/1545 | 1556-8 | 1548-52 | 7,880 lots |

**POTATOES £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Nov | 140.0 | 144.0 | 140.0 135.0 |
| Feb | 160.0 | 169.0 | |
| Apr | 222.0 | 225.5 | 226.0 217.0 |
| May | 242.0 | 247.0 | 237.5 |

Turnover 600 (1010) lots of 40 tonnes.

**SOYABEAN MEAL £/tonne**

| | Close | Previous | High/Low |
|---|---|---|---|
| Oct | 142.00 | 142.50 | 141.00 141.00 |
| Dec | 140.50 | 139.00 | 139.00 |

Turnover 140 (79)lots of 20 tonnes.

**FREIGHT FUTURES $10/index point**

| | Close | Previous | High/Low |
|---|---|---|---|
| Jul | 1382 | 1383 | 1380 1380 |
| Aug | 1404 | 1403 | 1411 1400 |
| Oct | 1516 | 1516 | 1529 1515 |
| Jan | 1542 | 1543 | 1545 1540 |
| Apr | 1578 | 1572 | 1580 1573 |
| BFI | 1379 | 1379 | |

Turnover 134 (146)

**GRAINS £/tonne**

| Wheat | Close | Previous | High/Low |
|---|---|---|---|
| Sep | 105.30 | 104.75 | 105.00 |
| Nov | 100.06 | 108.50 | 109.05 108.75 |
| Jan | 112.85 | 112.35 | 112.00 112.70 |
| Mar | 118.15 | 115.65 | 118.10 118.00 |
| May | 119.50 | 118.00 | 119.60 119.25 |
| Jun | 121.50 | 121.00 | 121.25 |
| **Barley** | **Close** | **Previous** | **High/Low** |
| Sep | 103.50 | 103.65 | 104.00 103.50 |
| Nov | 107.25 | 107.40 | 107.70 107.25 |
| Jan | 110.85 | 110.90 | 111.10 110.85 |
| Mar | 113.60 | 113.80 | 114.00 |
| May | 115.56 | 115.70 | |

Turnover: Wheat 68 (54), Barley 121 (70).
Turnover lots of 100 tonnes.

**PIGS (Cash Settlement) p/kg**

| | Close | Previous | High/Low |
|---|---|---|---|
| Aug | 115.5 | 115.5 | |
| Oct | 119.5 | 119.5 | |
| Nov | 120.0 | 120.0 | |

Turnover 0 (2) lots of 3,250 kg

**LONDON BULLION MARKET**

| Gold (fine oz) | $ price | £ equivalent |
|---|---|---|
| Close | 371½-372 | 227¼-227¾ |
| Opening | 373-373½ | 229¼-229¾ |
| Morning fix | 372.80 | 229.133 |
| Afternoon fix | 371.25 | 228.460 |
| Day's high | 373¼-373¾ | |
| Day's low | 371-371½ | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 382-387 | 233½-236½ |
| Britannia | 382-387 | 233½-236½ |
| US Eagle | 382-387 | 233½-236½ |
| Angel | 381¼-386¼ | 234¼-237¼ |
| Krugerrand | 371-374 | 227-229 |
| New Sov. | 87¼-88¼ | 53¼-54 |
| Old Sov. | 87¼-88¼ | 53¼-54 |
| Noble Plat | 498.80-504.65 | 305.25-310.10 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 320.50 | 521.40 |
| 3 months | 331.75 | 533.25 |
| 6 months | 343.05 | 544.95 |
| 12 months | 364.35 | 567.40 |

**LONDON METAL EXCHANGE TRADED OPTIONS**

| Aluminium (99.7%) | Calls | | Puts | |
|---|---|---|---|---|
| Strike price $ tonne | Sep | Nov | Sep | Nov |
| 1650 | 118 | 121 | 15 | 38 |
| 1750 | 54 | 67 | 54 | 82 |
| 1850 | 20 | 33 | 119 | 145 |
| **Copper (Grade A)** | **Calls** | | **Puts** | |
| 2450 | 154 | 145 | 44 | 106 |
| 2550 | 96 | 100 | 84 | 155 |
| 2650 | 55 | 67 | 141 | 223 |

**LONDON FOX TRADED OPTIONS**

| Coffee | Sep | Nov | Sep | Nov |
|---|---|---|---|---|
| 750 | 55 | 79 | 20 | 36 |
| 800 | 29 | 55 | 44 | 62 |
| 850 | 14 | 37 | 79 | 94 |
| **Cocoa** | **Sep** | **Dec** | **Sep** | **Dec** |
| 850 | 34 | 100 | 11 | 25 |
| 900 | 10 | 69 | 37 | 44 |
| 950 | | 46 | | 71 |

## US MARKETS

THE METALS CONTINUED to have slow days as local tradars dominated the action, reports Drexel Burnham Lambert. In the softs, scattered short covering lifted sugar prices. Trade and commission house buying helped cocoa prices advance. September cocoa was up 26 closing at 1300. Price-fix buying kapt coffee futures steady. The grain markets featured two-sided trading in the soy complex. Late-day commercial selling dropped prices near the close. Corn and wheat futures posted small losses as reinfall is providing soma relief from tha hot weather. The livestocks were all non-events. Commission house buying elected stop orders railing the cotton market. The energy complex was again lower as carryover selling from Monday was fastured.

## New York

**GOLD 100 troy oz.; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 373.7 | 373.4 | 0 | 0 |
| Aug | 374.1 | 373.8 | 374.8 | 372.2 |
| Sep | 376.4 | 376.2 | 0 | 0 |
| Oct | 387.4 | 378.3 | 379.0 | 376.5 |
| Dec | 382.6 | 382.4 | 383.5 | 380.5 |
| Feb | 386.6 | 389.4 | 386.2 | 386.2 |
| Apr | 390.7 | 390.5 | 0 | 0 |
| Jun | 394.5 | 394.8 | 394.0 | 393.5 |
| Aug | 398.9 | 398.7 | 398.0 | 398.0 |

**PLATINUM 50 troy oz; $/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 493.3 | 494.1 | 0 | 0 |
| Oct | 496.8 | 497.6 | 497.0 | 494.0 |
| Jan | 499.8 | 500.7 | 499.5 | 497.0 |
| Apr | 503.1 | 504.2 | 0 | 0 |
| Jul | 506.8 | 507.7 | 0 | 0 |
| Oct | 510.1 | 511.2 | 0 | 0 |

**SILVER 5,000 troy oz; cents/troy oz.**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 520.8 | 520.2 | 522.5 | 518.0 |
| Aug | 521.5 | 521.0 | 0 | 0 |
| Sep | 526.0 | 525.5 | 526.7 | 522.0 |
| Dec | 538.3 | 537.8 | 539.5 | 534.5 |
| Jan | 541.5 | 541.1 | 0 | 0 |
| Mar | 549.8 | 549.1 | 548.0 | 548.5 |
| May | 557.1 | 556.5 | 555.5 | 555.0 |
| Jul | 565.0 | 564.5 | 0 | 0 |
| Sep | 572.8 | 572.4 | 0 | 0 |
| Dec | 584.0 | 583.6 | 0 | 0 |

**COPPER 25,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Jul | 114.25 | 114.25 | 115.00 | 113.30 |
| Aug | 113.60 | 113.90 | 0 | 0 |
| Sep | 112.55 | 112.80 | 113.50 | 111.30 |
| Dec | 108.75 | 108.50 | 109.20 | 107.40 |

**INDICES**

REUTERS (Base: September 18 1931 = 100)

| July 24 | July 21 | mnth ago | yr ago |
|---|---|---|---|
| 1913.8 | 1926.7 | 2019.8 | 1911.0 |

DOW JONES (Base: Dec. 31 1974 = 100)

| | | | | |
|---|---|---|---|---|
| Spot | 130.29 | 131.46 | 133.06 | 141.57 |
| Futures | 120.16 | 129.46 | 131.86 | 144.57 |

**CRUDE OIL (Light) 42,000 US galls $/barrel**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 18.76 | 18.74 | 18.88 | 18.61 |
| Oct | 18.53 | 18.45 | 18.65 | 18.26 |
| Nov | 18.42 | 18.31 | 18.55 | 18.20 |
| Jan | 18.31 | 18.16 | 18.44 | 18.18 |
| Mar | 18.35 | 18.14 | 18.38 | 18.15 |
| Apr | 18.26 | 18.17 | 18.40 | 18.26 |
| May | 18.40 | 18.18 | 18.40 | 18.26 |
| Jun | 18.40 | 18.21 | 18.40 | 16.15 |

**HEATING OIL 42,000 US galls, cents/US galls**

| | Latest | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 4980 | 4959 | 5020 | 4925 |
| Sep | 5050 | 5003 | 5085 | 4980 |
| Oct | 5125 | 5073 | 5160 | 5070 |
| Nov | 5200 | 5134 | 5230 | 5160 |
| Dec | 5270 | 5229 | 5300 | 5230 |
| Jan | 5270 | 5240 | 5290 | 5240 |
| Apr | 4840 | 4755 | 4840 | 4840 |

**COCOA 10 tonnes;$/tonnes**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 1300 | 1274 | 1303 | 1275 |
| Dec | 1315 | 1283 | 1317 | 1234 |
| Mar | 1324 | 1305 | 1320 | 1306 |
| May | 1343 | 1315 | 1340 | 1323 |
| Sep | 1365 | 1350 | 1370 | 1356 |
| Jul | 1355 | 1335 | 0 | 0 |
| Dec | 1387 | 1371 | 0 | 0 |

**COFFEE "C" 37,500lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 84.75 | 84.83 | 84.80 | 83.00 |
| Dec | 87.06 | 87.23 | 87.25 | 85.60 |
| Mar | 90.12 | 90.37 | 90.38 | 89.25 |
| May | 92.00 | 92.40 | 92.20 | 91.50 |
| Sep | 96.10 | 96.00 | 96.50 | 94.20 |
| Dec | 100.00 | 199.00 | 100.50 | 99.00 |

**SUGAR WORLD "11" 112,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 14.09 | 13.84 | 14.23 | 13.84 |
| Jan | 12.50 | 12.65 | 0 | 0 |
| Mar | 13.18 | 12.99 | 13.23 | 12.81 |
| May | 12.95 | 12.80 | 13.08 | 12.88 |
| Jul | 12.78 | 12.64 | 12.98 | 12.50 |
| Oct | 12.58 | 12.33 | 12.65 | 12.30 |

**COTTON 50,000; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Oct | 74.40 | 73.15 | 74.40 | 72.50 |
| Dec | 75.28 | 73.95 | 75.35 | 73.71 |
| Mar | 75.55 | 74.70 | 75.65 | 74.45 |
| May | 75.80 | 75.01 | 75.00 | 74.00 |
| Oct | 68.96 | 68.07 | 69.10 | 68.85 |
| Dec | 67.00 | 67.05 | 67.25 | 66.95 |

**ORANGE JUICE 15,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 156.70 | 158.15 | 159.50 | 155.75 |
| Nov | 144.75 | 144.65 | 146.25 | 143.80 |
| Jan | 141.05 | 140.75 | 142.50 | 141.50 |
| Mar | 139.50 | 139.25 | 141.50 | 141.00 |
| May | 139.00 | 136.25 | 0 | 0 |

## Chicago

**SOYABEANS 5,000 bu min; cents/60lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 661/0 | 661/6 | 668/0 | 660/0 |
| Sep | 613/0 | 615/2 | 619/4 | 610/4 |
| Nov | 597/4 | 602/4 | 605/4 | 597/0 |
| Jan | 605/6 | 610/4 | 614/0 | 605/4 |
| Mar | 615/0 | 621/0 | 623/0 | 615/0 |
| May | 618/0 | 625/0 | 629/0 | 618/0 |
| Jul | 622/0 | 627/0 | 630/0 | 622/0 |
| Aug | [illegible] | 513/0 | 0 | 0 |

**SOYABEAN OIL 60,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | [illegible] | 18.11 | 18.18 | 18.85 |
| Sep | [illegible] | 19.87 | 18.40 | 19.08 |
| Oct | [illegible] | 18.58 | 19.62 | 19.30 |
| Dec | [illegible] | 19.93 | 19.89 | 19.63 |
| Jan | 19.80 | 20.07 | 20.18 | 19.80 |
| Mar | 20.25 | 20.46 | 20.56 | 20.25 |
| May | 20.60 | 20.87 | 20.95 | 20.56 |
| Jul | 20.87 | 21.11 | 20.90 | 20.85 |

**SOYABEAN MEAL 100 tons; $/ton**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 204.2 | 204.2 | 205.8 | 204.0 |
| Sep | 192.7 | [illegible] | 195.0 | 192.7 |
| Oct | 185.0 | [illegible] | 186.5 | 185.0 |
| Dec | 182.2 | [illegible] | 185.5 | 181.5 |
| Jan | 181.7 | [illegible] | 185.0 | 181.5 |
| Mar | 182.0 | [illegible] | 185.0 | 182.0 |
| May | 182.0 | [illegible] | 184.6 | 182.0 |
| Jul | 182.0 | [illegible] | 184.0 | 182.0 |

**MAIZE 5,000 bu min; cents/56lb bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 228/6 | [illegible] | 231/0 | 227/6 |
| Dec | 226/0 | [illegible] | 228/6 | 225/4 |
| Mar | 233/0 | [illegible] | 236/2 | 232/2 |
| May | 237/0 | 240/6 | 240/4 | 236/4 |
| Jul | 236/4 | 241/0 | 240/6 | 236/4 |
| Sep | 232/0 | 235/0 | 234/0 | 231/0 |
| Dec | 226/0 | 230/2 | 229/6 | 226/0 |
| Dec | 233/4 | 237/0 | 233/4 | 233/0 |

**WHEAT 5,000 bu min; cents/60lb-bushel**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Sep | 386/2 | [illegible] | 390/4 | 386/0 |
| Dec | 398/2 | 401/4 | 403/0 | 398/0 |
| Mar | 401/2 | [illegible] | 406/0 | 401/0 |
| May | 384/0 | [illegible] | 386/0 | 384/0 |
| Jul | 354/4 | [illegible] | 355/4 | 352/0 |
| Sep | 358/4 | [illegible] | 0 | 0 |

**LIVE CATTLE 40,000 lbs; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 72.37 | 72.64 | 72.80 | 72.27 |
| Sep | 73.60 | 73.90 | 0 | 0 |
| Oct | 75.37 | 75.75 | 75.75 | 75.25 |
| Dec | 73.90 | 74.32 | 74.20 | 73.65 |
| Feb | 72.65 | 72.97 | 72.97 | 72.27 |
| Apr | 73.20 | 74.15 | 74.15 | 73.60 |
| Jun | 72.45 | 72.90 | 72.75 | 72.30 |
| Aug | 70.60 | 71.25 | 0 | 70.60 |

**LIVE HOGS 30,000 lb; cents/lbs**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 45.87 | 45.85 | 46.35 | 45.57 |
| Oct | 39.35 | 39.82 | 40.25 | 38.97 |
| Dec | 41.05 | 41.87 | 42.00 | 40.82 |
| Feb | 42.10 | 42.05 | 43.20 | 42.00 |
| Apr | 38.95 | 40.70 | 40.95 | 39.65 |
| Jun | 45.20 | 46.00 | 46.00 | 45.15 |
| Jul | 45.80 | 46.60 | 46.80 | 45.37 |
| Aug | 44.70 | 48.60 | 45.70 | 44.70 |

**PORK BELLIES 40,000 lbs; cents/lb**

| | Close | Previous | High/Low | |
|---|---|---|---|---|
| Aug | 27.95 | 28.10 | 24.60 | 27.60 |
| Feb | 40.87 | 41.95 | 42.10 | 40.80 |
| Mar | 40.85 | 41.85 | 42.10 | 40.45 |
| May | 42.00 | 43.05 | 42.75 | 41.50 |
| Aug | 41.20 | 41.35 | 41.20 | 41.20 |

هكذا من الأصل

## LONDON STOCK EXCHANGE

# Equities firm ahead of UK trade data

THE UK equity sector recovered its poise yesterday brushing off early losses to close firmly as traders settled down to await this morning's announcement of the UK trade figures for last month. A firm opening on Wall Street gave London its final boost, but there had been support for good quality defensive stocks throughout the day. While there were fewer excitements than recently, equity turnover improved significantly.

The stock market is comfortably braced for news today of a deficit of around £1.5bn on UK current account in June; "we could probably get away with a sligbtly worse figure than that," commented Mr Paul Turnbull of Smith New Court. Yesterday's business opinion survey from the Confederation of British Industries was regarded as relatively favourable for investment sentiment, and market strategists are hopeful that sterling can remain firm, thus restricting the dangers of another hike in domestic interest rates. Yesterday's small dip in the sterling exchange rate was shrugged off in the equity market.

"In the current mood, the UK trade figures would have to be pretty bad to upset the stock market," said Mr John Reynolds at Prudential-Bache.

The first hour of Seaq trading saw the Footsie index dip by nine points as nervous selling orders of the previous day were completed. Share prices then steadied and the market began to edge ahead, led by selective buying of blue chip pharmaceuticals.

The London market was already a net eight points up as it waited for Wall Street to open. With the New York market in good form in early trading, London forged further ahead and closed near to the day's best.

The final reading on the FT-SE Index showed a net gain of 10.3 at 2,269.4. Turnover through the Seaq screens totalled 461.7m shares, against only 357.9m in the previous session.

Trading was fairly cautious but fund managers appeared to be showing interest in defensive stocks, those in which earnings can be expected to withstand the worst effects of the slowdown believed to be threatening UK corporate profits.

Drug stocks, with their international spread of earnings and relatively recession-proof products, present an obvious attraction to managers taking a defensive stance. On tha other side of the ledger, however, were such sectors as buildings and retail, which were largely left alone yesterday.

Trading volumes could be subdued today in the face of another one day transport strike throughout the UK, with the London commnter area likely to be badly hit again by the absence of London Underground and surburban rail services.

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Jul 17 | Jul 31 | Aug 14 |
| Option Declarations: | | |
| Jul 27 | Aug 10 | Aug 31 |
| Last Dealings: | | |
| Jul 28 | Aug 11 | Sep 1 |
| Account Day: | | |
| Aug 7 | Aug 21 | Sep 11 |

*New time dealings may take place from 9.00 am two business days earlier

## FINANCIAL TIMES STOCK INDICES

| | July 25 | July 24 | July 21 | July 20 | July 19 | Year Ago | 1989 High | 1989 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 86.34 | 86.34 | 86.40 | 86.34 | 86.30 | 87.80 | 89.29 (8/2) | 83.75 (14/6) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 97.13 | 96.94 | 96.92 | 96.75 | 96.89 | 97.40 | 98.58 (15/3) | 95.21 (13/6) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1886.0 | 1872.9 | 1892.9 | 1901.4 | 1903.2 | 1473.0 | 1903.2 (19/7) | 1447.8 (3/1) | 1926.2 (16/7/87) | 49.4 (26/6/40) |
| Gold Mines | 194.6 | 193.2 | 193.0 | 192.4 | 190.0 | 213.2 | 206.0 (7/7) | 154.7 (17/2) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2269.4 | 2259.1 | 2283.9 | 2292.3 | 2292.5 | 1837.7 | 2292.5 (19/7) | 1782.6 (3/1) | 2443.4 (16/7/87) | 986.9 (23/7/84) |
| Ord. Div. Yield | 4.28 | 4.31 | 4.27 | 4.24 | 4.23 | 4.58 | | | | |
| Earning Yld %(full) | 10.02 | 10.09 | 9.98 | 9.94 | 9.91 | 11.61 | | | | |
| P/E Ratio(Net)(☆) | 12.02 | 11.94 | 12.06 | 12.12 | 12.16 | 10.52 | | | | |
| SEAQ Bargains(5pm) | 24,759 | 26,173 | 26,216 | 28,533 | 29,000 | | | | | |
| Equity Turnover(£m)† | - | 1285.12 | 1352.47 | 1569.18 | 1436.18 | | | | | |
| Equity Bargains† | - | 30,046 | 30,335 | 32,176 | 32,484 | | | | | |
| Shares Traded (ml)† | - | 468.4 | 450.1 | 541.6 | 468.7 | | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.90

Ordinary Share Index, Hourly changes — Day's High 1896.5 — Day's Low 1870.2

| Open | 10 a.m. | 11 a.m. | 12 p.m. | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 1872.8 | 1873.6 | 1875.3 | 1879.9 | 1880.7 | 1883.2 | 1885.6 | 1888.2 |

FT-SE, Hourly changes — Day's High 2269.7 — Day's Low 2250.6

| Open | 10 a.m. | 11 a.m. | 12 p.m. | 1 p.m. | 2 p.m. | 3 p.m. | 4 p.m. |
|---|---|---|---|---|---|---|---|
| 2257.0 | 2254.4 | 2256.1 | 2260.7 | 2262.7 | 2265.7 | 2267.4 | 2269.5 |

### S.E. ACTIVITY

| Indices | July 24 | July 21 |
|---|---|---|
| Gilt Edged Bargains | 77.9 | 79.6 |
| Equity Bargains | 194.7 | 196.6 |
| Equity Value | 2597.6 | 2733.7 |
| 5 – Day average | | |
| Gilt Edged Bargains | 79.4 | 81.9 |
| Equity Bargains | 201.9 | 212.7 |
| Equity Value | 2760.8 | 2781.6 |

SE Activity 1974. †Excluding intra-market business. London Report and latest Share Index: Tel. 0898 123001

## TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

| Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change | Stock | Volume 000's | Closing Price | Day's change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Abbey National | 13,653 | 143½ | -1½ | Cons. Gold Fields | 628 | 1475 | +1 | Laporte | 105 | 473 | +6 | Royal Bk of Scotland | 158 | 405 | |
| ASDA Group | 2,500 | 191 | | Cookson | 950 | 350 | +1 | Legal & General | 613 | 346 | +5 | Royal Insurance | 914 | 411 | +1 |
| Allied-Lyons | 2,000 | 502 | +2 | Courtaulds | 724 | 357 | -1 | Lloyds Bank | 2,800 | 351 | -4 | STC | 2,500 | 378 | -2 |
| Amstrad | 1,800 | 73 | -1 | Dalgety | 851 | 414 | +5 | LASMO | 662 | 511 | -1 | Saatchi & Saatchi | 139 | 314 | +2 |
| Argyll Group | 2,100 | 233 | +4 | Dixons | 2,200 | 166 | +1½ | Lonrho | 851 | 298 | +3 | Sainsbury | 1,200 | 253 | +2 |
| Ass. Brit. Foods | 90 | 386 | +2 | Eng. China Clays | 164 | 471 | +1 | Lucas | 718 | 651 | +13 | Scott & Newcastle | 2,375 | 374 | -5 |
| BAA | 242 | 398 | +4 | Enterprise Oil | 2,200 | 618 | -1 | MB Group | 711 | 197 | +2 | Sears | 4,900 | 129 | +1 |
| BAT Inds. | 3,000 | 883 | +8 | FKI Babcock | 978 | 176 | | MEPC | 449 | 574 | +2 | Shell Transport | 9,950 | 423 | -2 |
| BET | 394 | 275 | +2 | Fisons | 3,148 | 333 | +7 | Marks & Spencer | 2,350 | 202 | +3 | Siebe | 345 | 538 | +1 |
| BICC | 225 | 525 | +4 | General Accident | 147 | 979 | -1 | Maxwell Comm. | 5,000 | 193 | +8 | Slough Ests. | 217 | 366 | +1½ |
| BOC | 772 | 521 | | General Elect. | 8,100 | 268 | +5 | Midland Bank | 1,400 | 342 | -3 | Smith & Nephew | 1,130 | 140½ | +2½ |
| BPB Inds. | 638 | 253 | | Glaxo | 1,100 | 1403 | +5 | Nat. West. Bank | 3,000 | 310 | +2 | Smiths Industries | 574 | 323 | |
| BTR | 3,800 | 403 | +1 | Globe Inv. | 284 | 191¼ | +1 | Next | 1,100 | 143 | | Standard Chartered | 1,300 | 523 | -2 |
| Barclays | 1,600 | 477 | -1 | Glynwed Int. | 132 | 316 | | Northern Foods | 173 | 342 | -1 | Storehouse | 1,800 | 145 | +1 |
| Bass | 871 | 1033 | +4 | Granada | 497 | 361 | +12 | Pearl | 416 | 588 | | Sun Alliance | 1,000 | 295½ | +½ |
| Beecham | 3,215 | 633 | +7 | Grand Met. | 1,100 | 581 | | Pearson | 128 | 747 | +7 | T&N | 620 | 242 | -2 |
| Blue Circle | 530 | 561 | +7 | GUS A | 337 | 1114 | +4 | P & O | 695 | 686 | +6 | TSB | 1,100 | 106 | |
| Boots | 1,100 | 279 | +4 | GRE | 824 | 218½ | +1½ | Pilkington | 685 | 239 | +1 | Tarmac | 1,100 | 310 | +1 |
| Brit. & Comm. | 608 | 174 | | GKN | 1,200 | 427 | +4 | Plessey | 2,500 | 269 | +4 | Tate & Lyle | 1,200 | 230 | +2 |
| Brit. Aerospace | 475 | 707 | -3 | Guinness | 1,200 | 527 | +2 | Polly Peck Intl. | 787 | 301 | -4 | Taylor Woodrow | 298 | 311 | -2 |
| British Airways | 1,400 | 205 | +1 | Hammerson 'A' | 115 | 789 | +4 | Prudential | 1,400 | 193 | +1 | Tesco | 3,300 | 190¼ | -1½ |
| British Gas | 7,200 | 199 | +2½ | Hanson | 3,800 | 221 | +2½ | RHM | 644 | 454 | +1 | THORN EMI | 228 | 791 | +1 |
| British Land | 488 | 374 | +1 | Harrisons & Cros. | 829 | 170 | -1 | RMC | 512 | 739 | -7 | Trafalgar House | 704 | 364 | +1 |
| BP | 3,200 | 303½ | -2 | Hawker Siddeley | 148 | 750 | +5 | RTZ | 1,400 | 513 | +8 | Trusthouse Forte | 3,800 | 349 | +5 |
| British Steel | 8,800 | 73¾ | +1 | Hillsdown Hldgs | 1,300 | 281 | -2 | Racal | 1,300 | 431 | +4 | Ultramar | 2,400 | 332 | -1 |
| British Telecom | 7,900 | 255¼ | -½ | IMI | 435 | 238 | | Rank Org. | 447 | 949 | +11 | Unilever | 1,700 | 631 | |
| Burmah Oil | 171 | 648 | +7 | Imp. Chem. | 1,408 | 1267 | +14 | Reckitt & Colman | 67 | 1199 | +9 | United Biscuits | 1,200 | 400 | -4 |
| Burton | 2,100 | 242 | +1 | Inchcape | 1,600 | 287 | +4 | Redland | 634 | 593 | -4 | Utd. Newspapers | 274 | 453 | +3 |
| Cable & Wireless | 1,500 | 517 | +8 | Jaguar | 1,400 | 396 | +3 | Reed International | 1,600 | 421 | +4 | Wellcome | 1,100 | 462 | +9 |
| Cadbury Schweppes | 2,500 | 444 | | Kingfisher | 1,700 | 338 | +11 | Reuters | 456 | 789 | -1 | Whitbread 'A' | 1,100 | 352 | |
| Carlton Comms. | 91 | 794 | | Ladbroke | 3,300 | 312 | | Rolls Royce | 4,200 | 187 | +½ | Williams Hldgs. | 1,600 | 266 | +2 |
| Commercial Union | 3,900 | 416½ | +½ | Land Securities | 606 | 587 | +4 | Rothmans | 254 | 655 | +8 | Wimpey | 579 | 277 | +3 |

# Market awaits ICI

A firm performance from ICI ahead of tomorrow's interim report masked wide-ranging and some cantious forecasts from market analysts. Predictions of second quarter profit run from £430m to £480m pretax, with some moving to £490m yesterday on reports that the total may take in some £20m of asset disposals.

There is "bearish news on ICI's pharmaceuticals bnsiness," according to Oliver Fear and Martin Evans at BZW. While remaining positive on fundamentals, they told clients to top slice any overweight boldings of ICI stock. Reports of difficulties over Corwin, the heart drug intended to underpin Tenomin, ICI's existing product when it goes ex-patent in 1991, have cast doubts over indnstry forecasts of £500m sales of Corwin within five years.

The gain yesterday of 14 to 1267p was supported by turnover of only 1.3m shares, as marketmakers avoided taking stock aboard ahead of the ICI quarterly. Analysts will be watching out on Thursday for non-recurring asset disposals in the statement.

### Interest in Oils

There was keen interest in the oil majors as what were regarded as poor results from US groups Exxon, Amoco and ARCO, worries about falling petrochemical prices and a slide in North Sea oil prices combined to upset BP and Shell. Both groups are scheduled to announce second quarter results on August 10, with Shell Oil, the Shell Transport/Royal Dutch US subsidiary, due to report its figures today.

Dealers said the weakness in oil prices was in part the result of news that North Sea oil workers are not taking further industrial action, and partly on the renewed weakness in oil futures markets. BP were said to have suffered from a "switch out of BP into Shell" recommendation issned by the oil team at the Nomura Research Institute.

According to Nomura, "Shell is expected to produce £810m against £657m last time and BP £430m against £357m; our switch recommendation is based on quality of earnings considerations as well as perceived value, but is also supported technically by the relative narrowness of BP's prospective yield premium."

Turnover in Shell reached 10m but dealers pointed out that this figure was inflated by an incorrect trade of 4.4m shares reported during the morning. Shell shares settled 2 off at 423p while BP where the same amount easier at 303½p on 3.2m.

NatWest shares remained a resilient market in spite of news of the resignations of Lord Boardman, the chairman, and three other executiva directors, Mr Charles Green, Mr Terry Green and Mr John Plastow. The shares settled 2 higher at 310p on turnover of 3m, slightly ahead of normal levels of activity in the stock.

A buoyant international sector included several positive features among the pharmaceutical stocks. Smith and Nephew added a couple of pence to 140p after announcing the sale for £50m of its 50 per cent stake in British Tissues to Nokia; the deal was advantageously tax-structured, said Dr Erling Refsum at Nomura Research Institute.

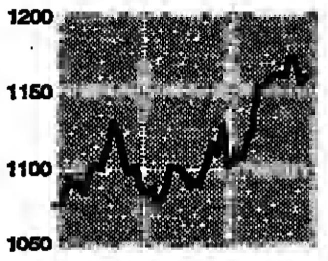
With SmithKline Beckman stockholders due to vote today at a special meeting on the planned merger, shares in Beecham strengthened by 7 to 633p; no difficulty is expected with the SmithKline vote, and the final outcome should be known before the close of the London market.

Fisons, 7 np at 333p, responded to the £24.3m purchase of Gerbiol of France, a further expansion of its interests there. Wellcome followed the market with a gain of 9 to 462p.

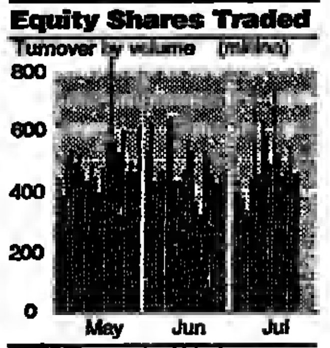
Brewery stocks slumbered in spite of an upbeat note on the sector from the City's top drinks team at County NatWest WoodMac. The recent DTI ruling that the big six brewers turn half their pubs over the 2,000 limit into free houses, and the subsequent move to separate the three key functions of manufacturing, retailing and property management will "provide improving yields through a combination of improved asset management and asset liberation," says County.

These sentiments, however, failed to feed through into the market, and County's leading buy stocks, Allied Lyons, Bass, Grand Metropolitan and Whitbread, all closed little changed. The best performance cama from Scottish & Newcastle, which turned a 7-point deficit into a 5-point gain (at 384p) after the company completed the acquisition of a controlling stake in Dutch holiday group Center Parcs.

**FT-A All-Share Index**



**Equity Shares Traded**



Dealers noted some persistent buying demand for Blue Circle, which closed 9 up at 568p on vague talk of stakebuilding.

*The chemicals sector* provided numerous good features. Rentokil raced up 16 to 367p after a "buy" recommendation was issued by Mr Michael Stone of the chemicals team at Citicorp Scrimgeour Vickers. Reutokil is scbeduled to announce interim figures on August 22 and the Citicorp analyst is forecasting pre-tax profits up 22 per ceut to £27.9m.

Mr Stone bases his buy note on Rentokil's "strong expansion in contract services and recent rapid entry into the tropical plant rental business." He says the current downturn in housing activity will not damage the rating as it did in 1985. Citicorp's full year estimate is for pre-tax profits of £62m, against £50.1m last year.

Other big winners in chemicals included Yorkshire Chemicals which jumped 18 to 395p, Laporte, np 6 at 473p and Allied Colloids, 5 to the good at 161p. Foseco, where a 4.4 per cent stake was revealed by the Scharf brothers last month, were 8 higher at 366p with analysts at Smith New Court taking the view that the stock has been left behind whilst "Croda and Coalite have taken centre stage."

Examining Foseco, ths Smith team said: "even with the high UK cost of money and assuming no synergy/rationalisation benfits, a predator could afford to pay 420p a share and still cover interest costs by Foseco's profits. More likely, the stock would go out on a price cash flow multiple of seven times, that is 530p a share."

News of a broker's downgrading and the departure of the group finance director saw Lowndes Queensway tumble 5 to 33p. The downgrade came from James Capel, the agency broker, which has lowered its forecast for current year profits from £12m to £6.5m, and for next year from £20m to £15m. The current heatwave, which generally keeps people away from the stores, has exacerbated the existing problems in furniture and carpets, where sales have slumped dramatically, say analysts. "The volume picture remains under pressure," said James Capel, "and there is no sign of any underlying upturn in the near future."

The best rise of the day was posted by Kingfisher, 11 to the good at 338p on a marketmakers' squeeze, while speculative demand lifted John Menzies 11 to 355p and Etam 8 to 207p. Strong demand pushed Body Shop to 458p after a scrip issue had split the opening price of 871p in two.

GEC and Plessey provided the highlights in the lectronics market with strong buying of both stocks accompying a report that news from the Ministry of Defence regarding the possible clearance of any renewed bid from GEC/Siemens could well be imminent. If GEC/Siemens are given the go-ahead to renew their offer the market is now expected them to move quickly, possibly by launching a market raid prior to making a full bid offer at say 265p a share. Electronics specialists were also taking the view yesterday that GE would be among the leaders of what is now certain to be a a major restructuring of the European electronics industry. There were stories of strong overseas buying of GEC shares whichy moved up 5 to 268p on turnover of 8.1m. Plessey, mirroring the hopes of a GEC/Siemens raid and bid renewal, were 4 higher at 269p on 2.5m.

Ceble & Wireless were strongly supported and closed 8 higher at 517p following a buy recoomendation issued by Mr John Tysoe at Shearson Lehman Hutton who says "earnings growth for the group eill exceed 30 per cent compound over the next five years."

Sir Ron Brierley, the New Zealand financier, cast a long shadow over engineering stocks as Vickers climbed 9 to 238p on talk of a possible approach. Brierley owns just over 9 per cent of Vickers and there have been reports of Australian buying in recent sessions. Most analysts, however, believe a shortage of stock was behind the rise after a few "nosey" buyers in early trading had created the initial stir.

Brierley is already tied up elsewhere in the sector, via his £57m bid for Molins, the packaging group. Molins jumped 12 to 209p after forecasting profits of £13m as part of its defence against tbe unwanted offer, and the market is hoping that *a third party will enter the* fray.

Food and beverage importer S Daniels jumped 13 to 96p on vague talk that a stake had changed hands.

DRG bounced to a peak of 562p, up 22, excited by a story that Mr Roland Franklin was bidding outside the market for 10m shares, or 9 per cent of the company's equity, at 550p. Through his vehicle Pembridge Investments, Mr Franklin holds 10.8 per cent of DRG and would need approval to increase beyond 15 per cent. Only a few days ago, Mr David Rowland revealed a stake of 3 per cent.

Avon Rubber basked in the success of the rigbts issue; acceptances of 93.7 per ceut were received and Hoare Govett placed the residue yesterday, to end 11 at 557p. Christies International picked up 7 at 305p on news of this season's record sales which exceeded £1bn worldwide.

Granada began a run, although trade was moderate, amid talk that a securities bouse was preparing a favourable circular. The group has experienced several profit downgradings recently and the shares, 12 dearer at 361p, may bave reached a level wbere they now appeal to takeover speculators. Hoare Govett warned recently there would be corporate activity sooner *than later in the TV sector.*

Several motor stocks benefited from hopes of predatory moves. Jaguar responded to late speculation that Peugeot was running the rule over the UK luxury car maker and closed 10 up at 403p. Lucas Industries went 12 higher to 651p on rumours of Ford Motor showing interest, these replacing recent gossip of the group being ready to announce a joint European components venture with Sumitomo Electric of Japan.

DTI approval of the transfer of a controlling interest in a regional uewspaper to EMAP was good news for the shares, up 8 at 263p, while Norton Opax firmed to 169p on suggestions that major shareholder Bowater may bid for the outstanding equity.

*Mountleigh stood out among* properties as investors bought the stock ahead of today's final figures. Although analysts expect the full year earnings to carry no surprises (BZW predicts £50m) there was talk in the market that Mr Touy Clegg, chairman of Mountleigh might put together a management buy-ont because of his dissatisfaction with the market's valuation of the group's shares.

There was again no shortage of stories concerning Burmah and Calor in the market. Dealers were sceptical of talk of a rights issue by Burmah, and continued to play down last week's market rumours that some sort of deal regarding Dutcb group SHV and Calor could be on the cards. Yesterday's rise in the Burmah share price, *up 7 at 648p, was said by* specialists to have been tbe result of covering in a short market. Turnover in Burmah came to only 171,000 shares.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 31

## NEW HIGHS AND LOWS FOR 1989

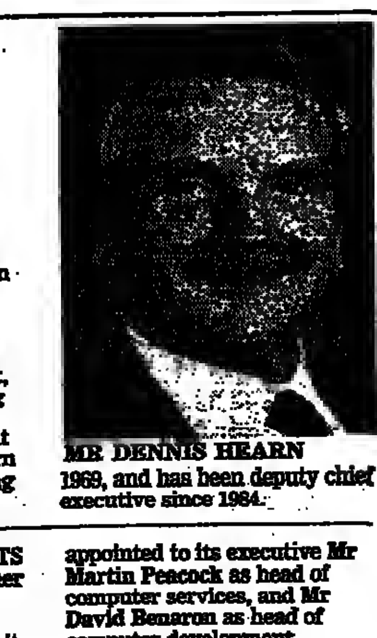
NEW HIGHS (169).
BRITISH FUNDS (8) Ex. 2½pc '90, Tr. 2pc '92, Tr. 2pc IL '94, Tr. 2pc IL '96, Tr. 2½pc '11, Tr. 2½pc IL '20, AMERICANS (1) Honeywell, BANKS (3) Bancaire Cie, Goode Durrant, Mitsubishi T & B, Sumitomo T & B, Woodchester, BREWERS (1) Marston Thompson, BUILDINGS (2) Eve Grp., Kingspan, CHEMICALS (4) Laporte, Rentokil, Schering, Yorkshire Chems., STORES (4) Asprey, Body Shop, Etam, Menzies (J.), ELECTRICALS (8) Dewhurst EL., Ericsson, GEC, Plessey, Psion, Sanderson EL, ENGINEERING (8) BM, Cook (W), Desoutter, Tex Hldgs., Thornton (G.W.), Vickers, FOODS (8) Ashley Grp., BSN, Dalgety, Daniels (S.), Morrison (Wm.), Do. 5¼pc Rd. Pf., HOTELS (2) Jurys, Ryan, INDUSTRIALS (18) Avis Europe, Bluebird Toys, Brit. Vita, Brooke Serv., Christies Int'l., Crean (J.), Dover Grp., Fisons, Handley-Walker, Mosaic Invs., Pacific Dunlop, Rolfe & Nolan, TT Grp., Unilever N/V, Wyko, INSURANCE (1) Hibernian, LEISURE (1) Prism, MOTORS (1) Central Mtr. Auctn., NEWSPAPERS (2) EMAP, Sterling Pbs., PAPERS (3) Borford, DRG, Lowe H-S & B, PROPERTY (3) Britannia Grp., F.S.M. Props., Mountleigh 5.25pc Pf., SHOES (1) FII Grp., TEXTILES (1) Early's of Witney, TRUSTS (17) OILS (6) Brit. Gas, Cairn Energy, Floyd Energy, Mid. & Scot., Triton Europe, OVERSEAS TRADERS (1) GN Gt. Nor., MINES (4) Aztec Exp., Dominion Mng., Peringa Mng. & Exp., Stilfontein, THIRD MARKET (2) ASB Barnett, Cupid.

NEW LOWS (29).
AMERICANS (2) Bio-Rad Labs., CityFed, CANADIANS (1) Tarn Pure Tech., BUILDINGS (2) Cakebread Robey "A", Fed. Housing, STORES (2) Lowndes Q'way., Storehouse, ELECTRICALS (4) Nokia, Northamber, Nth. Telecom, SD-Scicon, INDUSTRIALS (8) Betacom, C'bell & Armstrong, Creighton Labs., Minty, Pergamon '95, LEISURE (3) BCE, Noble Raredon, TVS Ents., MOTORS (1) Davenport Vernon, PAPERS (2) ATA Selctn., Enso-Gutzeit, TEXTILES (1) Lowe (R.H.), TRUSTS (3) Bertrams, Dominion Int'l., GPG, OILS (2) Century, Nth. Sea Gas., MINES (2) Cluff Res., Falcon.

## APPOINTMENTS

# Managing director of Trusthouse Forte

■ Mr Dennis Hearn has been appointed group managing director and deputy chief exective at TRUSTHOUSE FORTE. The company says the creation of this new post, responsible for co-ordinating the role of the group centre, reflects continuing growth at home and overseas. Mr Hearn joined the group as managing director of Forte and Co in 1969, and has been deputy chief executive since 1984.



MR DENNIS HEARN

■ BEAZER DEVELOPMENTS has eppointed Mr Christopher P. Munday as managing director. He was divisional development director at Orbit Developments Southern.

■ WSP HOLDINGS has formed a new company - Cairns & Byles Motorway Systems - and appointed as directors Mr Peter Byles, Mr Jim Millington, and Mr Bill Knox.

■ MAINLAND INVESTMENTS, Warrington, has appointed Mr Jerry Dennis as managing director. He was regional sales development manager with V.A.G. (United Kingdom).

■ WOOLWICH EQUITABLE BUILDING SOCIETY has appointed to its executive Mr Martin Peacock as head of computer services, and Mr David Benaron as head of computer development.

■ Mr C.S.J. Summerlin, executive chairman of PLYSU, retires at the end of the year but will remain on the board as non-executive chairman.

■ AUSTRALIAN NATIONAL INDUSTRIES has appointed Mr Eric A. Brightmore as managing director of Aurora, Sheffield. He has been with the Aurora Group since 1977 when he was appointed managing director of Wm. Oxley & Co. He joined the Aurora board in 1985. Mr T. Dunlevy, senior financial controller in ANI, becomes finance director of Aurora from October 1 when Mr A.L. Wallis moves to another post.

■ Mr Michael Young has been appointed executive director of the FOOD SAFETY ADVISORY CENTRE.

■ Mr Andrew Barber has been appointed regional director - Far East, of RBC MANNIN, a specialist investment management and financial planning subsidiairy of The Royal Bank of Canada Group. He will relocate from London to Hong Kong.

■ Lord Thomson of Monifieth has been appointed chairman of THE GRANT LEISURE GROUP. He was IBA chairman from 1981-88.

■ LAZARD BROTHERS & CO has appointed Mr Steven Oliver as a non-executive director.

■ SUN ALLIANCE GROUP has made the following appointments in its European commercial insurance department. Mr Harry Driver becomes departmental manager; Mr Barry McConway, commercial *insurances manager*; Mr Jeremy Riley, special risks insurances manager; and Mr Howard Rutter, marketing and development manager.

■ HERTZ EUROPE has appointed Mr Antoine Can as regional vice president operations, Rent A Car. He has specific responsibility for Hertz in France, and in January this will be expanded to include additional countries in Europe. He will relocate to European headquarters outside London.

■ Mr James I. Perry has been appointed sales and marketing director of BRITISH SPRINGS, part of United Industries, and maker of Duraflex vehicle suspension.

■ Mr David Townsend, deputy head, has been promoted to head of MIDLAND MONTAGU FUTURES. He is succeeded by Mr Michael Stone, who was an assistant director responsible for business development.

■ FINANCIAL INSURANCE GROUP has appointed Mr Richard Coombe as sales and marketing director. He was assistant marketing director.

■ Mr Tim Pain has been appointed a director of INDUSTRIAL OWNERSHIP.

■ Ms Sue Grice has been appointed financial director of KINGSWAY ROWLAND, part of Saatchi and Saatchi. She was financial controller, and remains company secretary.

■ Mr Steve Wilson has been appointed managing director of CALLITHEKE UK. He succeeds Ms Claire Watson who has moved to head newly-formed Callitheke International.

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## AUTHORISED UNIT TRUSTS

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Abbey Unit Tst Mngrs (1000)H** | | | | | | |
| 80 Holdenhurst Rd, Bournemouth 0345 777373 | | | | | | |
| *High Income* | | | | | | |
| American Income | 6 | 53 09 | 53 66 | 57 09 | -0.33 | 4 80 |
| Gilts & Fixed Int | 6 | 111.30 | 111.30 | 118 00 | +0 20 | 8 47 |
| High Inc Equity | 6 | 136 70 | 139 50xd | 148 50 | -0 70 | 4 28 |
| Worldwide Bond | 6 | 201 60 | 201 60 | 213.60 | -0.10 | 4.54 |
| *Capital Growth* | | | | | | |
| American Growth | 6 | 184 10 | 186 30 | 198 20 | -1.30 | 0 96 |
| Asian Pacific | 6 | 98 66 | 100.50 | 107.00 | -0 10 | 1 11 |
| Assets & Earnings | 6 | 161 10 | 166 70 | 177 40 | -0 60 | 2.09 |
| Capital Reserve Acc | 0 | 86 56 | 86.36 | 86 63 | -0 13 | 4 62 |
| Comdty & Energy | 6 | 103 50 | 103 50 | 110 70 | -1.50 | 1.72 |
| 1992 Enterprise | 6 | 59 02 | 60 25xd | 64 10 | -0 16 | 2 81 |
| European Capital | 6 | 89 34 | 90 05 | 95 80 | -0.13 | 0 70 |
| General | 6 | 186.30 | 188 40 | 200 50 | -0 70 | 2.24 |
| International | 6 | 46 17 | 46 89xd | 49 89 | -0 26 | 1.00 |
| Japan | 6 | 111.20 | 111.20 | 119 00 | -0 90 | 0 00 |
| Mastertrust | 6 | 87 35 | 87.35xd | 93 43 | -0 07 | 1 82 |
| UK Growth Acc | 6 | 204.50 | 213.30 | 227 00 | -0 60 | 1 23 |
| UK Growth Dist | 6 | 136 40 | 142 40 | 131.50 | -0 30 | 1.85 |
| US Emerging Cos | 6 | 52.53 | 54 28 | 57 75 | -0 28 | 0 00 |
| Income & Growth | 6 | 310.20 | 316 70 | 337 00 | -0.80 | 3.04 |
| Ethical | 6 | 49 32 | 50.76xd | 54 01 | +0.07 | 1.85 |
| **Abtrust Management Ltd (1000)H** | | | | | | |
| 10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580 | | | | | | |
| Amer Inc & Growth | 5 | 31 31 | 31.31 | 33 42 | -0 28 | 3 28 |
| European | 5¼ | 66 97 | 67.39 | 71 94 | -0.44 | 0 00 |
| European Income | 5¼ | 65 58 | 68 58xd | 70 01 | +0 19 | 2 92 |
| Exempt | 1 | 829 9 | 829 9xd | 866 1 | -1.10 | 2 05 |
| Extra Income | 5 | 44 94 | 44 94xd | 47 97 | -0.24 | 4 62 |
| F East Emerg Cos | 5¼ | 47 45 | 47 80xd | 53 19 | -0 01 | 0 68 |
| Fund Inv Tst | 5 | 128 4 | 128 4 | 137 1 | -0 20 | 2.28 |
| Do Accum | 5 | 200 0 | 200 0 | 213 5 | -0.20 | 2 79 |
| Gilt & Fixed Int | 5¼ | 21 34 | 22.03xd | 23 51 | +0 03 | 10 45 |
| Income & Growth | 5¼ | 75 83 | 75 83xd | 80 95 | -0 79 | 3.90 |
| Intl Income | 5¼ | 63 80 | 63.80 | 68 10 | -0 20 | 5 12 |
| Japan | 5¼ | 190.4 | 190 4 | 203.3 | -1 90 | 0 00 |
| Pacific | 5¼ | 358 6 | 361.2 | 386 8 | -1.30 | 0 66 |
| Secure Income | 5 | 205 6 | 205.6 | 219.5 | -1.00 | 5 83 |
| Smaller Companies | 5¼ | 62.92 | 62.92 | 67.17 | -0 05 | 2.19 |
| Special Situations | 5¼ | 74 29 | 74 70 | 79 70 | -0 27 | 1 40 |
| UK Growth | 5 | 39 36 | 39.36 | 42.01 | -0 38 | 2.37 |
| UK Top 100 | 5¼ | 27.16 | 27.16 | 28 99 | -0 15 | 2.97 |
| World Growth | 5 | 70 42 | 50 42 | 55 82 | -0 14 | 1 38 |
| **Acorn Unit Trust Managers Ltd (1100)F** | | | | | | |
| 1 White Hart Yd, London Bridge SE1 1NX 01-407 5966 | | | | | | |
| Ethical Tst | 5 | 99 47 | 103 8 | 108 9 | -1 3 | 3 00 |
| Do Accum | 5 | 101.4 | 105 8 | 111.1 | -1.3 | 3 00 |
| **Aegis Unit Tst Mngmt Ltd (1400)F** | | | | | | |
| 94 Whiteladies Rd, Bristol, BS8 1QX 0272 237593 | | | | | | |
| Intl Growth | 6 | 47.13 | 47 44 | 51 00 | -0 07 | 1.50 |
| Managed Income 4 | 3 | 49 10 | 49.11 | 50.57 | +0 08 | 5 00 |
| CAMco Intl Recovery | 5 | 51.43 | 52 55 | 55.32 | -0 09 | 1.64 |
| Clifton Prem Perf | 6 | 50 65 | 51.69 | 54.99 | -0 04 | 1.60 |
| Global Sector P'folio ♦ | 6 | 48 76 | 49.76 | 52 94 | +0 14 | 3 00 |
| JPS Income & Gwth | 6 | 51 64 | 52 49 | 50 84 | -0 09 | 6 00 |
| St Nicholas St Gilt Inc | 5 | 49 18 | 49 99 | 53 46 | +0 11 | 4 70 |
| St Nicholas St Gilt Acc | 5 | 50.43 | 51.25 | 54 81 | +0.11 | 4.70 |
| Blackstone Franks UK | 5 | 46 38 | 46 84xd | 49 83 | +0.07 | 1.50 |
| Blackstone Franks UK Acc | 5 | 47.03 | 47 50xd | 50.53 | +0.07 | 1.50 |
| Blackstone Franks Intl | 5 | 54.98 | 55 15xd | 58 67 | -0 84 | 1.50 |
| Blackstone Franks Intl Acc | 5 | 55.40 | 55.65xd | 59 20 | +0.85 | 1.50 |
| **AEtna Unit Trusts Ltd (1600)F** | | | | | | |
| AEtna House, 2-12 Pentonville Road, London, N1 9XG | | | | | | |
| Dealing 0277 261010 Advice 01-837 6494 | | | | | | |
| European Growth | 5 | 194.6 | 144.6 | 155 0 | +0 70 | 0.79 |
| Exempt | 2 | 454 0 | 454 0 | 475 9 | +0 90 | 4 98 |
| (Accum Units) | 2 | 1161 | 1161.8 | 1216 | +2.0 | 4 98 |
| Far Eastern | 5 | 256 6 | 256.6 | 274 9 | +3 60 | 0 00 |
| (Accum Units) | 5 | 278.5 | 278.5 | 298.90 | -1 80 | 0 00 |
| Fin & Property | 5 | 84 85 | 88 19 | 93 42 | -0.11 | 2.27 |
| (Accum Units) | 5 | 138 8 | 144 2 | 152 7 | -0 20 | 2.27 |
| High Yield | 5 | 94 16 | 95 48 | 101 6 | +0 20 | 4.89 |
| (Accum Units) | 5 | 233 7 | 238.1 | 252.2 | +0.60 | 4 89 |

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Buckmaster Mangmt Co Ltd—Contd.** | | | | | | |
| Income | 5 | 166 6 | 171.9 | 182 4 | +0.4 | 4 19 |
| (Accum Units) | 5 | 324 9 | 335.2 | 355 6 | +0 6 | 4.19 |
| International | 5 | 123 3 | 123 3 | 130.4 | -0.5 | 2.70 |
| (Accum Units) | 5 | 168 1 | 168 1 | 177.8 | -0 8 | 2 70 |
| Smaller Co's | 5 | 118 6 | 121.3 | 129 1 | -0 4 | 1.38 |
| (Accum Units) | 5 | 130 4 | 133 7 | 141 9 | -0 5 | 1.38 |
| Inv Portfolio | 2½ | 57 01 | 59 05 | 60 88 | -0.32 | 3.36 |
| (Accum Units) | 2½ | 58 04 | 60 13 | 61.99 | -0.32 | 3.36 |
| High Income Port | 3 | 49.41 | 49.04 | 51 60 | -0 14 | 5.94 |
| **Burrage Unit Tst Mangmt Ltd (0905)F** | | | | | | |
| 117 Fenchurch St, London EC3M 5AL 01-480 7216 | | | | | | |
| Str Dst Gilt & FI | 1¼ | 53 61 | 53 61 | 54.38 | +0.01 | 2.90 |
| **CCL Unit Trusts Ltd (1400)F** | | | | | | |
| 74 Shepherds Bush Green, W12 8SO 01-740 7070 | | | | | | |
| UK General Tst | 5½ | 57.57 | 58.51 | 62.58 | -0.22 | 2.70 |
| Global Tst | 5½ | 44.20 | 44.73 | 47 84 | -0.81 | 2.01 |
| Recovery Tst | 5½ | 54 15 | 54 13 | 60.37 | -0.20 | 1.92 |
| **CIBC Unit Tst Managers plc (1200)H** | | | | | | |
| Cottons Ctr, Cottons Lane, Ldn, SE1 2QL 01 234 6000 | | | | | | |
| Growth Fd Acc | 5 | 111.7 | 113 2 | 119 4 | — | 3.56 |
| **CS Fund Managers Limited (1000)H** | | | | | | |
| 125 High Holborn, London WC1V 6PY 01-242 1148 | | | | | | |
| CS America F | 5 | 61 10 | 61.10 | 65.00 | -0 42 | 0 67 |
| CS International F | 5 | 60 04 | 60 04 | 63 87 | -0 15 | 1 62 |
| CS Japan F | 5 | 127.5 | 127.5 | 135 6 | +0 3 | 0.32 |
| CS Portfolio Inv ♦F | 5 | 34 17 | 34.17 | 78 98 | -0.09 | 1.38 |
| **Canada Life Unit Tst Mgrs Ltd (1200)F** | | | | | | |
| 2-6 High St, Potters Bar, Herts 0707 51122 | | | | | | |
| Can Gen Dist | 5 | 146.7 | 149 2xd | 157.1 | +0 00 | 2.93 |
| Do Gen Accum | 5 | 247 8 | 252.1 | 265.4 | +0.10 | 2.95 |
| Do Income Dist | 5 | 98 07 | 100.2 | 105.5 | -0 10 | 5 54 |
| Do Inc Accum | 5 | 224 7 | 229.5 | 241 6 | -0 30 | 5.34 |
| Gilt & Fxd Inc | 5 | 37 08 | 37 13 | 79 08 | +0.04 | 8.21 |
| **Cannon Fund Managers Ltd (0700)H** | | | | | | |
| 1 Olympic Way, Wembley, HA9 0NB | | | | | | |
| 01-902 8876 Dealing: 0800 282621 | | | | | | |
| Growth | 5½ | 79.67 | 79 67xd | 42 43 | -0 43 | 2.39 |
| Income | 5½ | 49.30 | 49.30xd | 52 73 | -0 42 | 3.89 |
| Far East ♦ | 5½ | 36 94 | 37 61 | 40 01 | -0.06 | 0.05 |
| North American ♦ | 5½ | 35 87 | 36.36 | 38.89 | -0 63 | 1.85 |
| Global ♦ | 5½ | 52 35 | 53 21 | 56.63 | +0.08 | 1.75 |
| European | 5½ | 56 99 | 57 83 | 61.52 | +0 18 | 0.87 |
| Japan ♦ | 5½ | 105.5 | 107 0 | 114 4 | -0 60 | 0.01 |
| Intl Currency Bd | 5½ | 43.79 | 43 79 | 46 44 | +0.79 | 6.46 |
| Strategic Opps | 5½ | 55 93 | 55.93 | 59 82 | -0.21 | 1.22 |
| **Capability Trust Mngrs Ltd (1200)F** | | | | | | |
| Admin, 5 Rayleigh Road, Hutton, Brentwood, Essex | | | | | | |
| Enquiries 0277 227300 Dealing 0277 261010 | | | | | | |
| American & Gen | 5 | 78.08 | 78.62 | 83 64 | -1.03 | 1.58 |
| (Accum Units) | 5 | 81.52 | 82.09 | 87.33 | -1.08 | 1.58 |
| European Inc | 5 | 57 24 | 57.61 | 61.29 | +0 13 | 0.92 |
| (Accum Units) | 5 | 57.96 | 58.34 | 62.06 | +0 13 | 0 92 |
| Far East & Gen | 5 | 65 79 | 65.29 | 69 46 | +0 42 | 0.00 |
| (Accum Units) | 5 | 65.79 | 66.79 | 69 46 | +0 42 | 0.00 |
| Glenfriars | 5 | 277.4 | 282.9 | 301.0 | +2.5 | 1.99 |
| (Accum Units) | 5 | 287.5 | 293.2 | 311.9 | +2.6 | 1.99 |
| Growth | 5 | 274.1 | 274.1 | 291.6 | -0 5 | 2 80 |
| (Accum Units) | 5 | 420.6 | 420.6 | 447.4 | -0.9 | 2.80 |
| High Yield | 0 | — | — | — | | |
| (Accum Units) | 0 | — | — | — | | |
| Master Portfolio | 1½ | 8243 | 8243xd | 8514 | -12 | 2.44 |
| (Accum Units) | 1½ | 8748 | 8748xd | 9057 | -13 | 2.44 |
| Special Sits | 5 | 65 99 | 65 99xd | 70.20 | -0 04 | 2.94 |
| (Accum Units) | 5 | 70.14 | 70.14xd | 74 63 | -0.10 | 2.94 |
| Trustee | 0 | — | — | — | | |
| (Accum Units) | 0 | — | — | — | | |
| *Exempt Fund* | | | | | | |
| High Yield | 2 | 1016.7 | 1025.5 | 1057.2 | +1.7 | 4 60 |
| (Accum Units) | 2 | 1016.7 | 1025.5 | 1057 2 | +1.7 | 4 65 |
| **James Capel Unit Tst Mngt Ltd (1535)F** | | | | | | |
| P O. Box 562, 7 Devonshire Sq, London EC2M 4HU | | | | | | |
| 01-626 0566 Dealing: 01-929 6363 | | | | | | |
| American Index | 5¼ | 132.4 | 134 1 | 141 8 | +0 3 | 1.68 |
| Capital | 5¼ | 490.5 | 494 7 | 517 2 | +0 4 | 2 62 |
| European Sp Sits | 5¼ | 60 01 | 69 11 | 75.75 | +0.25 | 1.88 |
| Far East Sp Sits | 5¼ | 64 18 | 64.34 | 68 66 | +0 26 | 0 92 |
| Gold & General | 5¼ | 63 65 | 64.20xd | 65.51 | -0.32 | 0.17 |
| Income | 5¼ | 420.3 | 420.3 | 448 5 | +1 8 | 4 62 |
| Intl Spec Sits | 5¼ | 61 98 | 62.09xd | 66.26 | -0.14 | 2.40 |
| Nth American | 5¼ | 293.8 | 295.3 | 315.1 | -1.6 | 1.81 |
| European Index | 5¼ | 110 7 | 111 8 | 118.3 | — | 1.84 |
| Japan Index | 5¼ | 93.53 | 94 42 | 99.91 | +1.32 | - |

### GUIDE TO UNIT TRUST PRICING

**INITIAL CHARGES**
*These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.*

**OFFER PRICE**
The price at which units may be bought.

**BID PRICE**
The price at which units may be sold.

**CANCELLATION PRICE**
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. *In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.*

**TIME**
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are *normally set unless another time is indicated by the symbol alongside the individual unit trust name.* The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours, ▲ - 1401 to 1700 hours, ♦ - 1701 to midnight.

**HISTORIC PRICING**
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

**FORWARD PRICING**
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

**SCHEME PARTICULARS AND REPORTS**
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

# FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

### Windsor Trust Mngrs Ltd (1200)F

83 Kingsway, London, WC2B 6SD 01-405 8331

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Capital & Equity | 5 | 63.28 | 66.32 | 70.56 | -0.26 | 4.74 |
| European | 5 | 69.44 | 69.76 | 74.21 | -0.49 | 0.09 |
| Far Eastern | 5 | 64.68 | 64.87 | 69.02 | [illegible] | 0.64 |
| Growth Inc | 5 | 89.63 | 93.01 | 98.94 | -0.14 | 1.41 |
| Growth Acc | 5 | 89.63 | 93.01 | 98.94 | -0.14 | 1.41 |
| Income Inc | 5 | 86.09 | 88.12 | 93.74 | -0.21 | 4.54 |
| Income Acc | 5 | 86.09 | 88.12 | 93.74 | -0.21 | 4.54 |
| Property Share | 5 | 55.99 | 56.99 | 59.68 | +0.17 | 0.99 |
| Smaller Co's | 5 | 59.60 | 60.70 | 64.70 | -0.94 | 1.48 |
| Ath American | 5 | 63.84 | 65.04 | 67.42 | -0.26 | 1.59 |
| International | 5 | 48.15 | 48.15 | 51.49 | -0.27 | 1.43 |

### Wright Seligman Fund Mngrs Ltd (1000)H

11 Blomfield St, London EC2M 7AY 02-588 0592

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Growth | 5 | 111.18 | 111.18 | 116.18 | -1.07 | 4.04 |

Weekly dealing day Tuesday

### The Yorkshire Unit Tst Mngrs Ltd (1100)F

Woodsome Pk, Fenay Bdge, Huddersfield 0484 602290

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Yorkshire General | 5¼ | 65.25 | 67.78 | 72.11 | -0.01 | 2.91 |
| [illegible] | 5¼ | 61.79 | 63.84 | 67.91 | -0.02 | 4.43 |
| [illegible] | 5¼ | 52.11 | 52.11 | 55.62 | +0.49 | 8.82 |

## OTHER UK UNIT TRUSTS

### Baillie Gifford & Co Ltd

| | | | | |
|---|---|---|---|---|
| Int'l Expl. June 7 | 485.3 | 509.8 | — | — |

### Cent. Bd. of Fin. of Church of England‡‡

2 Fore Street, London EC2Y 5AQ 01-588 1815

| | | | | |
|---|---|---|---|---|
| Inv Fund June 30 | 318.35 | | — | 4.75 |
| Fxd Int Sec June 30 | 138.65 | | — | 10.31 |
| Deposit June 30 | 100.00 | | — | 13.05 |

### Charinco/Charishare‡‡ (1000)F

33 King William Street, EC4R 9AS 01-280 2800

| | | | | |
|---|---|---|---|---|
| C'inco Inc July 19 | 165.4 | 169.9 | +0.70 | 10.06 |
| C'inco Acc July 19 | 679.4 | 697.0 | +3.00 | 10.06 |
| C'share Inc July 19 | 157.3 | 163.3 | +2.20 | 3.85 |
| C'share Acc July 19 | 172.8 | 179.4 | +2.50 | 3.85 |

### Charities Official Invest. Fund‡‡

2 Fore Street, London EC2Y 5AQ 01-588 1815

| | | | |
|---|---|---|---|
| Income June 30 | 493.06 | — | 5.01 |
| Accum June 30 | 1644.04 | — | — |

### Edinburgh Fund Mngrs PLC

[illegible]

### Albany Life Assurance Co Ltd—Contd.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Service Metro | 119.8 | 126.1 | 0.9 | — |
| UK Metro | 119.8 | 126.1 | 0.9 | — |
| N Am Pn Fd Acc | 253.7 | 267.0 | -3.0 | — |
| Pen Basic Fd Acc | 176.6 | 185.8 | 0.5 | — |
| Property | 578.8 | 609.2 | 1.3 | — |
| Multiple Inv Pens Acc | 1482.9 | 1560.9 | -3.0 | — |
| Broker Funds | | | | |
| Prof. Pen. Fd. | 98.9 | 104.0 | 0.1 | — |
| YRA Strategy | 120.8 | 127.2 | 0.5 | — |
| Laughton Dollar (SE) | 139.2 | 146.5 | -0.3 | — |

### Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Fixed Int. Dep. Acc. | 263.1 | 277.0 | +0.1 | — |
| Equity Acc. | 882.1 | 928.6 | -3.2 | — |
| Property Acc. | 502.3 | 528.8 | — | — |
| Far East Acc. | 206.2 | 217.1 | +1.9 | — |
| European Acc. | 23.4 | 24.7 | -0.1 | — |
| Managed Acc. | 692.9 | 729.4 | -1.8 | — |
| Managed Cap. | 392.8 | 413.5 | -0.7 | — |
| O'seas Earnings Acc. | 588.4 | 619.4 | -3.4 | — |
| Gilt Edged Acc. | 376.5 | 393.2 | -0.3 | — |
| American Equity Acc. | 468.3 | 493.0 | -1.0 | — |
| American Man. Acc. | 216.6 | 228.0 | -0.3 | — |
| American Prop Acc. | 146.4 | 154.2 | -0.3 | — |
| Pen.F.I.Dep.Cap. | 290.2 | 305.5 | — | — |
| Pen.F.I.Dep.Acc. | 499.2 | 525.5 | +0.2 | — |
| Pen. Prop. Cap. | 587.7 | 618.7 | — | — |
| Pen. Prop. Acc. | 1116.9 | 1175.7 | +0.1 | — |
| Pen. Man. Cap. | 845.9 | 890.8 | -3.5 | — |
| Pen. Man. Acc. | 1604.8 | 1689.3 | -6.5 | — |
| Pen.Gilt Edg. Cap. | 318.7 | 335.5 | -0.2 | — |
| Pen. Gilt Edg. Acc. | 494.9 | 521.0 | -0.3 | — |
| Pen. Eq. Cap. | 1392.4 | 1465.7 | -7.0 | — |
| Pen. Eq. Acc. | 2005.5 | 2109.0 | -9.9 | — |
| Pen. Am. Eq Cap. | 153.0 | 161.1 | -1.3 | — |
| Pen. Am. Eq Acc. | 185.5 | 195.3 | -1.6 | — |
| Pen. Far East Cap. | 246.9 | 259.9 | +0.6 | — |
| Pen. Far East Acc. | 299.5 | 315.3 | +0.9 | — |
| Pen. Euro Cap. | 27.2 | 28.7 | — | — |
| Pen. Euro. Acc. | 29.8 | 31.4 | +0.1 | — |
| Pen. B.S. Acc. | 546.0 | 575.5 | +0.2 | — |
| Pen. B.S. Cap. | 327.6 | 344.0 | +0.1 | — |
| Pen. D.A.F. Acc. | 369.5 | 388.9 | +0.1 | — |
| Pen. D.A.F. Cap. | 257.3 | 257.3 | — | — |
| Pen. Mortgage Cap. | 147.2 | 155.0 | +0.1 | — |
| Pen. Mortgage Acc. | 178.6 | 188.0 | +0.1 | — |

[illegible]

### MGM Assurance(z)

MGM House, Heene Rd, Worthing 0903 204631

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity Acc. | 274.7 | 289.2 | -1.6 | — |
| Special Situations Acc. | 251.4 | 264.7 | -0.9 | — |
| North American Acc. | 182.4 | 192.0 | -2.4 | — |
| Pacific Basin Acc. | 366.7 | 386.1 | 1.7 | — |
| Fixed Interest Acc. | 263.2 | 277.1 | -0.1 | — |
| Property Acc. | 208.9 | 219.9 | — | — |
| Deposit Acc. | 143.5 | 151.1 | — | — |
| Managed Acc. | 262.3 | 276.2 | -0.7 | — |
| Bonus Garth Fd Acc. | 113.6 | 119.6 | 0.1 | — |

[illegible]

### NEL Britannia Assce Co Ltd—Contd.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Mgd Bldg Sec Fd. | 112.2 | 112.2 | — | — |
| Mgd Currency Fd. | 112.4 | 112.4 | — | — |
| Deposit Fd. | 112.4 | 112.4 | +0.1 | — |
| NEL Brit Mgd P'folio | 122.9 | 122.9 | +0.1 | — |
| Barings Mgd P'folio | 112.6 | 112.6 | +0.2 | — |
| Fidelity Mgd P'folio | 114.4 | 114.4 | -0.3 | — |
| GT Mgd P'folio | 115.1 | 115.1 | +0.2 | — |
| Gartmore Mgd P'folio | 114.7 | 114.7 | +0.1 | — |
| Henderson Mgd P'folio | 131.0 | 131.0 | +0.1 | — |
| Mathesons Mgd P'folio | 122.5 | 122.5 | — | — |

[illegible]

## INSURANCES

[illegible]

Continued on next page

# FT UNIT TRUST INFORMATION SERVICE

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| | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| **Premium Life Assurance Co Ltd** | | | | |
| 37-39, Perrymount Road, Haywards Heath 0444 458721 | | | | |
| American | 127.0 | 134.0 | –1.0 | – |
| Building Soc. Fd. | 172.0 | 182.0 | ----- | – |
| Balanced | 289.0 | 305.0 | ----- | – |
| European | 182.0 | 192.0 | 1.0 | – |
| GT Managed | 180.0 | 190.0 | ----- | – |
| Gartmore Mngd. | 122.0 | 129.0 | 3.0 | – |
| German | 129.0 | 136.0 | ----- | – |
| Gilt | 185.0 | 195.0 | ----- | – |
| Global | 49.0 | 52.0 | ----- | – |
| High Inc. | 126.0 | 133.0 | ----- | – |
| International Equity | 200.0 | 211.0 | ----- | – |
| Japan | 245.0 | 258.0 | 2.0 | – |
| Managed | 64.0 | 68.0 | ----- | – |
| Property | 283.0 | 298.0 | ----- | – |
| R. W. Imperial Gold | 147.0 | 155.0 | ----- | – |
| UK Equity | 371.0 | 391.0 | –1.0 | – |
| Pension Funds | | | | |
| American | 155.0 | 164.0 | ----- | – |
| Building Soc. Fd. | 173.0 | 183.0 | ----- | – |
| Balanced | 223.0 | 235.0 | ----- | – |
| European | 181.0 | 191.0 | ----- | – |
| German | 113.0 | 119.0 | ----- | – |
| Gilt | 156.0 | 165.0 | ----- | – |
| International Equity | 146.0 | 154.0 | ----- | – |
| Japan | 138.0 | 146.0 | ----- | – |
| Managed | 66.0 | 70.0 | ----- | – |
| Property | 218.0 | 230.0 | ----- | – |
| UK Equity | 317.0 | 335.0 | –1.0 | – |
| **Prolific Life & Pensions Ltd** | | | | |
| Stramongate, Kendall, Cumbria LA9 4BE 0539 733733 | | | | |
| Managed Fund see Balanced Growth Managed Fund | | | | |
| Life Funds | | | | |
| Balanced Grth Mngd | 606.6 | 639.2 | 1.2 | – |
| Adventurous Mngd. | 130.4 | 137.5 | –0.3 | – |
| Secure Mngd | 110.6 | 116.6 | 0.2 | – |
| Cash Fd. | 234.8 | 247.5 | ----- | – |
| Property Fund | 288.1 | 306.5 | ----- | – |
| Equity Fund | 684.9 | 721.8 | 1.9 | – |
| Fxd. Int. Fund | 300.7 | 316.9 | –0.1 | – |
| International | 305.5 | 325.0 | 3.4 | – |
| High Income | 477.3 | 507.8 | 8.2 | – |

## OFFSHORE AND OVERSEAS

### GUERNSEY (SIB RECOGNISED)

### MANAGEMENT SERVICES

### JERSEY (SIB RECOGNISED)

### IoM (SIB RECOGNISED)

### LUXEMBOURG (SIB RECOGNISED)

### SWITZERLAND (SIB RECOGNISED)

### GUERNSEY (**)

### JERSEY (**)

# FT UNIT TRUST INFORMATION SERVICE

## ISLE OF MAN

## LUXEMBOURG

## OFFSHORE INSURANCES

## OTHER OFFSHORE FUNDS

# LONDON SHARE SERVICE

## BRITISH FUNDS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| [illegible] | [illegible] | Exch 10pc 1989 | 99⅞xd | ..... | – | – |
| [illegible] | 98⅛ | Exch 11pc 1989 | 99⅝ | +1/16 | [illegible] | 13.50 |
| [illegible] | 95⅞ | Treas 5pc 1986-89 | 98⅞ | ..... | [illegible] | 12.03 |
| 99⅝ | 98¼ | Exch 10¼pcCv '89 | 99 | ..... | [illegible] | 12.82 |
| 101⅛ | 99¼ | Treas 13pc 1990‡‡ | 100¼ | –1/16 | [illegible] | 12.21 |
| 130¼ | [illegible] | Treas 2pc IL '90(84.6) | 130⅝ | — | [illegible] | 9.98 |
| 99⅞ | [illegible] | Exch 11pc 1990‡‡ | 99¼xd | ..... | [illegible] | 12.44 |
| 101⅛ | [illegible] | Exch 12½pc 1990 | 99⅞ | –1/16 | [illegible] | 12.73 |
| 94⅞ | 91⅞ | Treas 3pc 1990 | 94⅞ | ..... | 3.17 | 10.30 |
| 96⅞ | [illegible] | Treas 8¼pc 1987-90‡‡ | 96⅞ | +1/16 | [illegible] | 11.96 |
| 98⅞ | 95¼ | Treas 8pc Cv 1990 ‡‡ | 97⅞ | +1/16 | [illegible] | 11.12 |
| 98⅞ | 96⅝ | Treas 10pcCv 1990 | 97⅞ | +1/16 | 10.34 | 12.03 |
| 92⅞ | 87⅞ | Exch 2½pc 1990 | 92⅞ | +1/16 | 2.71 | 8.81 |
| 101⅞ | 98⅞ | Treas 11¾pc 1991 | 99⅞ | ..... | 11.78 | 11.87 |
| 92⅞ | 89⅝ | Funding 5¾pc '87-91‡‡ | 92⅞ | ..... | 6.19 | 10.40 |
| 90 | 86⅛ | Treas 3pc 1990 | 89⅞ | ..... | 3.34 | 9.20 |
| 100¼ | 95⅞ | Treas 10pc Cv '91 ‡‡ | 97¼ | ..... | 10.28 | 11.58 |
| 101⅛ | 97⅞ | Exch 11pc 1991 | 99⅛ | –1/16 | 11.09 | 11.39 |
| 94⅛ | 91⅛ | Treas 8pc 1991 | 93⅞ | +1/16 | 8.59 | 11.35 |
| 106⅛ | 102⅛ | Treas 12¾pc 1992‡‡ | 103⅞ | –1/16 | 12.30 | 11.01 |
| 99½ | 95⅞ | Treas 10pc 1992 | 97⅞xd | –1/16 | 10.24 | 11.09 |
| 94⅛ | 91 | Treas 8pc 1992 ‡‡ | 92⅞ | ..... | 8.62 | 11.10 |
| 100¼ | 96⅞ | Treas 10½pc Cv 1992‡‡ | 98⅞ | –1/16 | 10.63 | 11.01 |
| 85⅛ | 82¼ | Treas 3pc 1992 | 84⅞ | +1/16 | 3.54 | 9.14 |
| 105⅞ | 101¼ | Exch 12¼pc '92 | 103⅛xd | –1/16 | 11.87 | 10.99 |
| 109⅝ | 104⅞ | Exch 13½pc 1992 | 106⅞ | ..... | 12.65 | 10.88 |
| 94⅛ | 90⅞ | Treas 8¾pc 1993 | 92⅝xd | +1/16 | 8.91 | 10.78 |
| 100⅛ | 95⅝ | Treas 10pc 1993‡‡ | 97⅞ | +1/16 | [illegible] | 10.63 |
| 108⅝ | 103⅞ | Treas 12½pc 1993‡‡ | 105⅝ | ..... | [illegible] | 10.71 |
| 87¾ | 84¼ | Funding 6pc 1993‡‡ | 86⅝ | +1/16 | [illegible] | 10.09 |
| 113¾ | 108¾ | Treas 13¾pc 1993‡‡ | 110⅛ | +1/16 | [illegible] | 10.61 |
| 99⅝ | 89¾ | Treas 8½pc 1994 | 92⅞xd | +1/16 | [illegible] | 10.57 |
| 117⅞ | 112⅛ | Treas 14½pc 1994‡‡ | 114⅞ | +1/16 | [illegible] | 10.41 |
| 113⅞ | 107⅞ | Exch 13½pc 1994 | 110⅛ | +1/16 | [illegible] | 10.38 |
| 100⅝ | 95⅞ | Treas 10pc Ln 1994‡‡ | 98⅝ | +1/16 | [illegible] | 10.42 |
| | | **Five to Fifteen Years** | | | | |
| 110¼ | 104⅛ | Exch 12¼pc 1994 | 107⅛xd | [illegible] | [illegible] | 10.57 |
| 96⅞ | 91⅝ | Treas 9pc 1994‡‡ | 94⅞ | [illegible] | [illegible] | 10.41 |
| 108⅞ | 102⅞ | Treas 12pc 1995 | 105⅝ | [illegible] | [illegible] | 10.56 |
| 79⅝ | 74½ | Exch 3pc Gas 90-95 | 76½ | [illegible] | [illegible] | 8.24 |
| 101⅞ | 95¼ | Exch 10¼pc 1995 | 99⅛ | [illegible] | [illegible] | 10.46 |
| 113⅞ | 107¼ | Treas 12¾pc 1995‡‡ | 110⅛ | [illegible] | [illegible] | 10.40 |
| 119⅞ | 112⅝ | Treas 14pc '96 | 115⅝ | [illegible] | [illegible] | 10.58 |
| 97⅝ | 91⅛ | Treas 9pc 1992-96‡‡ | 94⅛ | [illegible] | [illegible] | 10.20 |
| 126⅞ | 119⅛ | Treas 15¼pc 1996‡‡ | 122⅞ | [illegible] | [illegible] | 10.47 |
| 117⅞ | 110 | Exch 13¼pc 1996‡‡ | 113⅛ | [illegible] | [illegible] | 10.41 |
| 101⅞ | 94⅞ | Conversion 10pc 1996 | 98⅛ | [illegible] | [illegible] | 10.53 |
| 118⅞ | 110¼ | Treas 13¼pc 1997‡‡ | 114⅛ | [illegible] | [illegible] | 10.42 |
| 104⅞ | 97¼ | Exch 10½pc 1997 | 100⅞xd | [illegible] | [illegible] | 10.33 |
| 95⅞ | 88¼ | Treas 8¾pc 1997‡‡ | 92⅞ | [illegible] | [illegible] | 10.16 |
| 128⅝ | 120⅛ | Exch 15pc 1997 | 123⅞ | [illegible] | 12.10 | 10.55 |
| 100⅞ | 93⅞ | Exch. 9¾pc 1998 | 97⅞ | [illegible] | 10.03 | 10.23 |
| 84⅝ | 78⅝ | Treas 6¾pc 1995-98‡‡ | 81⅝ | [illegible] | 8.23 | 9.86 |
| 134⅞ | 125⅞ | Treas 15½pc '98‡‡ | 129⅛ | [illegible] | 11.96 | 10.40 |
| 113⅞ | 105⅝ | Exch. 12pc 1998 | 109⅝ | –1/16 | 10.94 | 10.34 |
| 100⅝ | 93⅛ | Treas 9½pc 1999‡‡ | 97⅛ | –1/16 | 9.78 | 9.96 |
| 115⅞ | 107½ | Exch. 12¼pc 1999 | 111⅛ | ..... | 10.99 | 10.33 |
| 105⅝ | 97⅝ | Treas. 10½pc 1999 | 101⅞ | +1/16 | 10.33 | 10.21 |
| 104⅛ | 96⅞ | Conversion 10¼pc 1999 | 100⅛ | ..... | 10.22 | 10.19 |
| 94⅞ | 86⅞ | Treas. 8½pc Ln 2000‡‡ | 90⅞xd | [illegible] | 9.38 | 9.95 |
| 97⅞ | 90 | Conversion 9pc 2000‡‡ | 93⅞ | [illegible] | 9.61 | 9.97 |
| 122⅞ | 113½ | Treas. 13pc 2000 | 117⅛ | [illegible] | 11.09 | 10.34 |
| 103⅝ | 95⅝ | Treas 10pc 2001 | 99⅞ | [illegible] | 10.03 | 10.05 |
| 124⅞ | 115½ | Treas. 14pc '98-01 | 119⅞ | [illegible] | [illegible] | 10.52 |
| 102⅞ | 94⅞ | Conversion 9¾pc 2001 | 98⅛ | [illegible] | [illegible] | 10.00 |
| 113⅞ | 105⅝ | Exch. 12pc '99-02 | 109⅞ | [illegible] | [illegible] | 10.38 |
| 104⅞ | 96⅛ | Conversion 10pc 2002 | 100⅞ | [illegible] | [illegible] | 9.94 |
| 102⅞ | 99⅞ | Treas 9¾pc 2002 | 98⅝xd | [illegible] | [illegible] | 9.91 |
| 97⅞ | 89⅞ | Exch. 9pc 2002 | 93⅞ | [illegible] | [illegible] | 9.84 |
| 126⅞ | 117⅛ | Treas. 13¾pc 2000-03 | 121⅞ | [illegible] | [illegible] | 10.39 |
| 105⅝ | 97¼ | Treas 10pc 2003 | 101⅞ | [illegible] | [illegible] | 9.78 |
| 113⅞ | 104⅞ | Treas. 11½pc 2001-04 | 108¼ | [illegible] | [illegible] | 10.18 |
| 106⅞ | 97⅝ | Treas. 10pc 2004 | 102¼ | [illegible] | [illegible] | 9.71 |

## BRITISH FUNDS—Contd

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 59⅞ | 55⅛ | Funding 3½pc '99-04 | 57⅞ | +1/16 | 6.06 | 8.56 |
| | | **Over Fifteen Years** | | | | |
| 102⅞ | 94⅞ | [illegible] 9½pc 2004 | 99 | +1/16 | [illegible] | 9.62 |
| [illegible] | 94⅞ | [illegible] 9½pc 2005 | 99⅛ | +1/16 | [illegible] | 9.60 |
| [illegible] | [illegible] | [illegible] 10½pc 2005 | 107⅛ | +1/16 | [illegible] | 9.59 |
| [illegible] | [illegible] | Treas. 12½pc 2003-05 | 120⅛ | +1/16 | [illegible] | 9.82 |
| 90⅝ | 82⅝ | [illegible] 2002-06‡‡ | 87⅝ | –1/16 | [illegible] | 9.53 |
| [illegible] | 97⅝ | [illegible] 9¾pc 2006 | 101⅝ | –1/16 | [illegible] | 9.54 |
| [illegible] | [illegible] | Treas. 11¾pc 2003-07 | 114⅞ | –1/16 | [illegible] | 9.81 |
| [illegible] | [illegible] | Treas 8½pc 2007 ‡‡ | 92⅝ | –1/16 | [illegible] | 9.38 |
| [illegible] | [illegible] | Treas. 13½pc '04-08 | 128⅞ | –1/16 | [illegible] | 9.74 |
| 101⅛ | 92⅞ | Treas. 9pc 2008 ‡‡ | 96⅞ | –1/16 | [illegible] | 9.33 |
| 92⅛ | 84⅞ | Treas 8pc 2009 | 88⅞ | ..... | [illegible] | 9.29 |
| 102⅛ | 93⅞ | [illegible] 9pc Ln 2011 ‡‡ | 97⅞ | +1/16 | [illegible] | 9.22 |
| 68⅝ | 62⅞ | Treas. 5½pc 2008-12‡‡ | 65⅞ | –1/16 | [illegible] | 9.07 |
| [illegible] | 82⅞ | Treas. 7¾pc 2012-15‡‡ | 85⅞xd | –1/16 | [illegible] | 9.20 |
| [illegible] | [illegible] | Exch. 12pc '13-'17 | 126⅛ | –1/16 | [illegible] | 9.26 |
| | | **Undated** | | | | |
| 45⅝ | 41½ | Consols 4pc | 42⅞xd | ..... | 9.34 | – |
| 40⅝ | 36⅝ | War Loan 3½pc‡‡ | 38⅛ | ..... | 9.18 | – |
| 70⅞ | 60⅞ | Conv. 3½pc '61 Aft | 65⅞ | ..... | 5.35 | – |
| 41⅞ | 31⅞ | Treas. 3pc '66 Aft | 34⅝ | ..... | 8.66 | – |
| 30⅝ | 26 | Consols 2½pc | 27⅛ | ..... | 9.28 | – |
| 29½ | 25⅝ | Treas. 2½pc | 26⅞ | ..... | 9.32 | – |
| | | **Index-Linked** | | | | |
| | | (b) | | | (1) | (2) |
| 111¼ | 103⅞ | Tr. 2pc '92‡‡(97.8) | 111¼ | +1/16 | 2.19 | 3.25 |
| 103⅝ | 94⅞ | Do. 2 '94 (102.9) | 103⅝ | +1/16 | 2.67 | 3.24 |
| 151⅞ | 139⅝ | Do. 2pc '96(67.9) | 151⅞ | +1/16 | 2.95 | 3.35 |
| 128⅝ | 118⅞ | Do 2½pc '01(78.3) | 128⅛ | +1/16 | 3.30 | 3.57 |
| 125⅞ | 115⅝ | Do. 2½pc '03(78.8) | 125¼ | +1/16 | 3.37 | 3.61 |
| 128⅞ | 117⅞ | Do. 2pc '06(69.5) | 128¼ | +1/16 | 3.43 | 3.62 |
| 120 | 110¼ | Do. 2½pc '09(78.8) | 119⅞ | +1/16 | 3.44 | 3.61 |
| 125⅞ | 114⅞ | Do. 2½pc '11(74.6) | 124⅞xd | +1/16 | 3.44 | 3.61 |
| 104⅝ | 95¼ | Do. 2½pc '13(89.2) | 104⅛xd | +1/16 | 3.42 | 3.57 |
| 112⅞ | 101⅛ | Do. 2½pc '16(81.6) | 112⅛xd | +1/16 | 3.40 | 3.54 |
| 110⅛ | 100⅞ | Do. 2½pc '20(83.0) | 110 | +1/16 | 3.38 | 3.49 |
| 92⅞ | 84⅞ | Do. 2½pc '24‡‡(97.7) | 92⅞ | +1/16 | 3.32 | 3.44 |

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1988: 110.0 and for June 1989: 115.4.

## INT. BANK AND O'SEAS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 108⅞ | 99½ | African Dv Bk 11¼Ln 2010 | 103⅞ | ..... | 10.71 | 10.65 |
| 104⅝ | 96⅞ | Asian Dev Bk 10¼pcLn2009 | 100⅛ | ..... | 10.22 | 10.21 |
| 130⅞ | 119⅞ | Australia 13½pc 2010 | 124¼xd | ..... | 10.87 | 10.59 |
| 113⅞ | 102⅞ | Do. 11⅜pcLn2015 | 107⅞ | ..... | 10.59 | 10.53 |
| 108⅞ | 99⅞ | Euro Inv Bk 11pc Ln 2002 | 104⅛ | ..... | 10.55 | 10.38 |
| 104⅞ | 95⅞ | Do. 10⅝pc2004 | 100⅛ | ..... | 10.36 | 10.34 |
| 119⅞ | 109⅞ | Int-Am Dev Bk 12½pc 2003 | 113⅞ | ..... | 10.99 | 10.55 |
| 99⅛ | 90⅞ | Do. 9¾pcLn 2015 | 95⅛ | ..... | 10.25 | 10.28 |
| 97½ | 91½ | Mlysia 10¾pcLn 2009 | 92⅛xd | ..... | 11.65 | 11.76 |
| 120 | 117 | Nat. Mexican States 16½pc 2008 | 117 | ..... | 13.98 | 13.80 |

## CORPORATION LOANS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 102 | 99½ | Birmingham 13½pc 1989 | 99½ | ..... | 13.57 | 11.20 |
| 111½ | 102½ | Do. 11½pc 2012 | 105½ | ..... | 10.90 | 10.85 |
| 91 | 86½ | GLC 6¾pc 1990-92 | 88½xd | ..... | 7.63 | 11.40 |
| 124½ | 14½ | Leeds 13½pc 2006 | 119½ | ..... | 11.30 | 10.89 |
| 33 | 30 | Liverpool 3½pc Irred | 30xd | ..... | 11.67 | – |
| 94½ | 92 | LCC 6¾pc '88-90 | 94½xd | ..... | 7.14 | 11.90 |
| 30 | 27 | Do. 3pc '20 Aft | 28 | ..... | 10.71 | – |
| 107½ | 101½ | Manchester 11½pc 2007 | 104½xd | ..... | 11.00 | 10.90 |

## COMMONWEALTH & AFRICAN LOANS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 89½ | 86½ | NZ 7¼pc 1988-92 | 88½ | ..... | 8.19 | 11.80 |
| 206 | 206 | S Rhod 2½pc Non-Asstd | 206 | ..... | – | – |
| 84½ | 84½ | Do. 4½pc 87-92 Asstd. | 84½xd | ..... | 5.33 | 9.33 |

## LOANS

| 1989 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **Building Societies** | | | | |
| [illegible] | 98⅞ | [illegible] Anglia 11⅛pc 7.8.89 | 99⅞xd | ..... | [illegible] | 14.04 |
| [illegible] | [illegible] | [illegible] 11⅝pc 29.8.89 | 99⅞ | ..... | [illegible] | 14.05 |
| 99⅝ | 99⅛ | [illegible] 12¾pc 10.9.89 | 99⅞ | ..... | [illegible] | 13.94 |
| [illegible] | 99⅛ | [illegible] 12⅛pc 2.10.89 | 99⅞ | ..... | [illegible] | 14.02 |
| [illegible] | [illegible] | [illegible] 11⅞pc 6.11.89 | 99⅛ | ..... | [illegible] | 13.99 |
| [illegible] | [illegible] | [illegible] 12⅞pc 4.12.89 | 99⅞ | ..... | [illegible] | 13.99 |
| 100⅛ | 99⅛ | [illegible] 12⅞pc 2.1.90 | 99⅞ | ..... | [illegible] | 13.92 |
| 100⅛ | [illegible] | [illegible] 12⅞pc 29.1.90 | 99⅞ | ..... | [illegible] | 13.95 |
| [illegible] | [illegible] | [illegible] 12⅞pc 26.2.90 | 99⅞xd | ..... | 12.[illegible] | 13.87 |
| [illegible] | 98⅞ | [illegible] 12¾pc 19.3.90 | 99⅛ | ..... | 12.[illegible] | 13.91 |
| [illegible] | 99⅛ | [illegible] 13¼pc 23.4.90 | 99⅞ | ..... | 13.[illegible] | 13.89 |
| [illegible] | [illegible] | [illegible] 13pc 14.5.90 | 99⅛ | ..... | 13.[illegible] | 13.87 |
| [illegible] | 98⅞ | [illegible] 13⅞pc 4/6/90 | 99⅞ | ..... | 13.7[illegible] | 13.80 |
| [illegible] | [illegible] | [illegible] 14⅛pc 2.7.90 | 100 | ..... | 14.[illegible] | 13.76 |
| 102¼ | 98½ | [illegible] 3⅝pcIL Ln 2021 | 102¼xd | ..... | [illegible] | 4.40 |
| | | **Public Board and Ind.** | | | | |
| 47½ | 45 | Met. Wtr. 3pc 'B' | 46 | ..... | 6.52 | 10.62 |

## FOREIGN BONDS & RAILS

| 1989 High | Low | Stock | Price £ | + or – | Div % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 45 | 40 | Greek 7pc Ass. | 40 | ..... | 3.50 | f8.75 |
| 45 | 40 | Do. 6pc 28 Stb. Ass. | 40xd | ..... | 3 | f7.50 |
| 45 | 40 | Do 4pc Mixed Ass. | 40xd | ..... | 2 | f5.00 |
| 80 | 65 | Hung. '24 Ass. | 80 | ..... | 2.75 | f3.57 |
| 139⅞ | 128⅞ | Hydro Quebec 15pc 2011 | 133⅞ | ..... | 15.00 | 10.96 |
| 128⅞ | 118⅞ | Iceland 14½pc Ln 2016 | 123⅞xd | ..... | 14.50 | 11.58 |
| 97⅝ | 91½ | Ireland 9¾pc '91-96 | 92¼xd | ..... | 9.75 | 11.40 |

## AMERICANS

| 1989 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 39⅝ | 26⅛ | Abbott Laboratories§ | 38⅛xd | –⅞ | $1.20 | – | 2.0 |
| 579p | 361p | ♦Allegheny & W 1c | 484p | +6 | 30c | – | 3.9 |
| 17¼ | 12⅞ | Amax $1 | 15⅝xd | –⅛ | 80c | – | 3.3 |
| 11⅛ | 6 | Ambase Corp $1 | 8⅞ | ..... | 20c | – | 1.5 |
| 15 | 936p | Amdahl 5c | 960pxd | –11 | b10c | – | 0.7 |
| 35⅝ | 25½ | Amer. Cyanamid $5 | 33⅛ | –⅛ | $1.35 | – | 2.6 |
| 22¼ | 14⅞ | Amer. Express 60c | 21⅞xd | +⅛ | 84c | – | 2.4 |
| 16¼ | 854p | Amer. Medical Int. $1 | 13½ | ..... | 72c | – | 2.9 |
| 23⅝ | 13¼ | American T. & T. $1 | 23⅛ | +⅛ | $1.20 | – | 3.3 |
| 39⅝ | 26⅞ | Ameritech $1 | 35⅛ | –⅛ | h$2.92 | – | 5.2 |
| 19¾ | 9⅝ | BankAmerica $1 9/16 | 18⅛xd | +⅛ | 60c | – | 2.1 |
| 32½ | 19⅛ | Bankers N.Y. $1 | 31⅛ | –⅛ | $2.08 | – | 4.2 |
| 59 | 38½ | Bell Atlantic $1 | 55⅛ | –⅛ | $4.08 | – | 4.7 |
| 32⅝ | 19⅞ | BellSouth Corp. | 30⅞ | –⅛ | $2.52 | – | 5.2 |
| 13⅝ | 12⅞ | ♦Bethlehem Steel $8. | 13⅝xd | –⅛ | – | – | – |
| 11⅝ | 875p | ♦Bio-Rad Labs. A | 875p | –12 | – | – | – |
| 20¼ | 13¼ | Bowater Inc | 17 | ..... | $1.12 | – | 4.2 |
| 12⅞ | 9⅞ | Brunswick 75c | 9⅞ | –⅛ | 44c | – | 3.0 |
| 42⅝ | 28⅝ | CPC Intl. 25c | 41⅛ | –⅛ | $1.60 | – | 2.5 |
| 22¾ | 17¾ | CSX $1 | 20⅞ | –⅛ | $1.24 | – | 3.9 |
| 798p | 333p | California Engy | 557p | –2 | – | – | – |
| 35½ | 17¼ | Campbell Soup 15c | 35xd | –⅛ | 92c | – | 1.7 |
| 25⅞ | 13⅞ | Chase Manhattan $12½ | 23¼xd | +⅛ | $2.38 | – | 6.4 |
| 23⅝ | 17 | Chem. Banking Corp. | 23 | +⅛ | $2.72 | – | 7.5 |
| 16⅞ | 13⅞ | Chrysler $6¼ | 14⅛xd | –⅛ | $1.20 | – | 5.1 |
| 22⅛ | 14⅛ | Citicorp $1 | 19⅛xd | +⅛ | $1.62 | – | 5.3 |
| 230p | 107p | CityFed Fin. Corp. | 107p | –5 | 4c | – | 2.4 |
| 34⅛ | 25¼ | Colgate-Palmolive $1 | 33⅛xd | –1⅛ | s$1.48 | – | 2.0 |
| 21⅞ | 16⅞ | Cons Freightways 62½c | 18 | –⅛ | 98c | – | 3.4 |
| 17 | 10⅞ | Cont'l Bank Corp $4 | 15 | –⅛ | 86c | – | 3.4 |
| 387½p | 218p | ♦Corporate Data Scnce | 290p | ..... | – | – | – |
| 597p | 278p | Cullinet Sftwr 1c | 530p | –2 | – | – | – |
| 27½ | 21⅞ | Dana Corp. $1 | 25¼ | –⅛ | $1.60 | – | 4.0 |
| 12 | 854p | Data General | 11⅛ | ..... | – | – | – |
| 38 | 28⅞ | Dun & Bradstreet $1. | 35⅛ | –⅛ | $2.00 | – | 3.6 |
| 41⅛ | 30⅞ | Eaton Corpn. 50c | 37⅞xd | +⅛ | h$2.00 | – | 3.4 |
| 11⅛ | 8⅞ | Echlin Inc | 10⅛ | –⅛ | 70c | – | 4.3 |

Continued on next page

| | Bid Price | Offer Price | + or – | Yield Gross |
|---|---|---|---|---|
| **Henderson Global Strategy Mngmt SA** | | | | |
| Henderson Global Strategy Fund | | | | |
| North Am Portfolio | £0.91 | 0.96 | — | – |
| European Portfolio | £1.32 | 1.39 | — | – |
| UK Growth Portfolio | £1.03 | 1.09 | — | – |
| Japan Portfolio | £1.31 | 1.38 | 0.01 | – |
| Pacific Portfolio | £1.17 | 1.23 | — | – |
| Managed Intl Portfolio | £1.00 | 1.05 | –0.02 | – |
| Dollar Cash Portfolio | $0.9846 | 0.9846 | 0.0002 | – |
| Sterling Csh Portfolio | £1.1211 | 1.1211 | 0.0003 | – |
| **Morgan Stanley Sicav** | | | | |
| Money Mkt Fnd July 25 | $1045.17 | | — | – |
| Patrimony Fd July 25 | $1061.92 | | — | – |
| **Murray, Johnstone (Inv. Adviser)** | | | | |
| American P'folio July 19 | $26.01 | 27.72 | — | – |
| Japan P'folio July 17 | $253.96 | 250.61 | — | – |
| Pacific P'folio July 18 | $10.29 | 11.01 | — | – |
| **NICS Europe and Income Fund** | | | | |
| O.S. $ | | $12.32 | — | – |
| **Segespar Securities (Bermuda) Ltd** | | | | |
| [illegible] NAV June 30 | $19,558.92 | | — | – |
| **Seoul International Trust** | | | | |
| Fund Man: Korea Invest Trust Co Ltd | | | | |
| NAV July 25 Won 27,833.67 IDR value US$41,524.20 | | | | |
| **The Siam Fund (Cayman) Ltd** | | | | |
| Siam Fd NAV July 19 | $17.63 | | — | – |
| **Singer & Friedlander Ldn. Agents** | | | | |
| Tokyo Tst NAV July 1 | $17.25 | | — | 0.9 |
| **Gartmore Money Management Ltd** | | | | |
| 2-3 White Hart Yard, London SE1R 1NX. 01-236 1425 | | | | |
| Call Fund | 13.65 | 10.68 | 14.63 | 6-Mth |
| 7-day Fund | 13.65 | 10.68 | 14.63 | 6-Mth |
| Special Fund | 13.67 | – | 14.56 | Mth |
| Dollar | 7.94 | 6.21 | 8.47 | 3-Mth |

# Money Market Bank Accounts

# Money Market Trust Funds

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## AMERICANS—Contd

| 1989 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 20⅝ | 16¾ | FPL Group 1c. | 19⅞ | ..... | $2.28 | – | 7.3 |
| 32⅞ | 27⅝ | Ford Motor $1 | 30⅛ | –⅜ | $3.00 | – | 6.2 |
| 45⅞ | 30⅞ | GATX 62½c | 43⅞ | +⅛ | $2.00 | – | 2.9 |
| 35⅛ | 24¼ | Gen. Elect. 63c | 34⅝ | –⅛ | $1.64 | – | 3.0 |
| 568p | 483p | ♦General Host Cor p $1 | 484p | –9 | 30c | – | 3.9 |
| 39¼ | 18¾ | Gillette $1 | 27⅛ | +½ | 96c | – | 2.2 |
| 987p | 616p | Gt Am First Svgs 1½ $1 | 799p | –3 | 60c | – | 4.8 |
| 23⅛ | 16⅛ | Greyhound $1½ | 20⅛ | –⅛ | $1.32 | – | 4.1 |
| 14¼ | 847p | ♦Hasbro Inc 50c | 12⅛ | –⅛ | 16c | – | 0.8 |
| 54⅞ | 32¼ | Honeywell $1½ | 54⅞ | +2⅛ | $2.10 | – | 2.4 |
| 21¼ | 15¼ | Houston Ind's ‖ | 20⅛ | ..... | $2.96 | – | 9.1 |
| 74⅛ | 63⅛ | IBM Corpn $1¼ | 69¼ | –⅝ | $4.84 | – | 4.4 |
| 60p | 45p | ♦Image Storage/R.Sys 1c | 55p | ..... | – | – | – |
| 28¼ | 18¾ | Ingersoll-Rand $2 | 27⅝ | –⅛ | $1.20 | – | 2.8 |
| 33 | 22½ | Lockheed Crpn. $1 | 29¼ | –⅛ | $1.60 | – | 3.4 |
| 22⅛ | 15⅛ | Lone Star Inds $1 | 21⅛ | +⅜ | $1.90 | – | 6.0 |
| 25 | 17½ | Louisiana Land 15c | 23⅞ | –⅛ | $1.00 | – | 2.7 |
| 17 | 11½ | Lowe's 50c | 15⅝ | ..... | 48c | – | 1.9 |
| 25⅛ | 15⅛ | Manuf. Hanover $1 | 24⅛ | +⅛ | $3.28 | – | 8.4 |
| 20¼ | 13⅛ | Merrill Lynch $1 | 20⅛ | –⅜ | $1.00 | – | 3.1 |
| 2253p | 1910p | Moler Inc. | 2089p | –24 | 3.2c | – | – |
| 27⅛ | 18⅛ | Morgan (JP) $2½ | 23¼ | ..... | $1.66 | – | 4.5 |
| 54½ | 36¼ | NYNEX $1 | 46¼ | –⅝ | $4.36 | – | 5.9 |
| 24⅞ | 18¾ | PHH Corp ‖ | 22⅞ | –⅛ | $1.12 | – | 3.1 |
| 259p | 180p | ♦Pacific Agr. ‖ | 180p | ..... | – | – | – |
| 27¼ | 19 | Pacificorp $3¼ | 25 | +⅛ | $2.76 | – | 6.7 |
| 27¼ | 16¾ | Pacific Telesis 10c | 25⅛ | –⅛ | $1.88 | – | 4.7 |
| 22⅛ | 15¼ | Pall Corp. 25c | 20½ | –⅛ | 48c | – | 1.5 |
| 55¾ | 39⅜ | Pennzoil 83 1/3c | 50 | –⅛ | $3.00 | – | 3.8 |
| 25½ | 17⅛ | Premark Intl | 22½ | –⅛ | 84c | – | 2.4 |
| 42¼ | 28⅛ | Quaker Oats $5 | 39⅞ | –⅛ | $1.20 | – | 1.9 |
| 32⅛ | 23½ | Rep NY Corpn $5 | 29⅞ | +⅛ | $1.28 | – | 2.7 |
| 15⅛ | 11⅞ | Rockwell Intl. $1 | 13⅞ | ..... | 78c | – | 3.6 |
| 35 | 21⅝ | Southwestern Bell $1 | 32⅛ | –⅛ | $2.60 | – | 5.0 |
| 27⅞ | 17⅞ | Sun Co. Inc. $1 | 23⅛ | –⅛ | $1.80 | – | 4.9 |
| 30¼ | 22⅞ | TRW Inc. 62½c | 29⅝ | –⅛ | $1.72 | – | 3.6 |
| 22¼ | 14¾ | TW Services $5 | 28⅛ | –⅛ | 10c | – | 0.3 |
| 36¾ | 26¼ | Tenneco $5 | 35¼ | –⅝ | $3.04 | – | 5.5 |
| 35⅞ | 28 | Texaco $6.25 | 32⅞ | –⅛ | ♦$3.00 | – | 5.8 |
| 28⅞ | 21⅛ | Texas Instr. $1 | 23⅛ | –⅛ | 72c | – | 2.0 |
| 117⅞ | 58⅛ | Time Inc. $1 | 84⅛ | –1¼ | $1.00 | – | 0.7 |
| 18⅞ | 15⅛ | TRINOVA Corp. | 16¼ | –⅛ | 64c | – | 2.5 |
| 24¾ | 16 | USX $1 | 21¼ | –⅛ | $1.40 | – | 4.2 |
| 197p | 126p | ♦Unilab. | 197p | ..... | – | – | – |
| 33⅞ | 22¼ | UI4. Technologies | 33⅞ | –⅜ | $1.60 | – | 3.0 |
| 158p | 128p | ♦Utilstech Inc. | 137p | ..... | – | – | – |
| 46½ | 31½ | US West ‖ | 42½ | –⅛ | $3.76 | – | 5.6 |
| 36⅛ | 22⅝ | Waste Management $1 | 35⅞ | ..... | 48c | – | 0.9 |
| 20¼ | 13½ | Whirlpool $1 | 19¼ | –⅛ | $1.10 | – | 3.6 |
| 24⅛ | 16⅞ | Whitman Corp. | 21⅜ | –⅜ | $1.02 | – | 3.0 |
| 36⅞ | 28⅛ | ♦Woolworth $3½ | 33⅝ | –⅞ | $1.88 | – | 3.5 |

## CANADIANS

| 1989 High | Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 168p | 129p | ♦ABM Gold Corp ‖ | 148p | –1 | – | – | – |
| 25½p | 4½p | ♦Abbot Energy Corp | 24½p | ..... | – | – | – |
| 16¼ | 902p | ♦Amer. Barrick Res. | 16¼ | ..... | – | – | – |
| 19½p | 10½p | ♦Armeso | 15½p | –1½ | – | – | – |
| 344p | 94p | ♦Asiamerica Hldgs ‖ | 284p | –10 | – | – | – |
| 33½p | 8½p | ♦Augmitto Explo. | 19p | –⅛ | – | – | – |
| 17¼ | 12⅞ | Bk. Montreal ‖ | 17¼ | ..... | $2.12 | – | 6.3 |
| 10⅛ | 655p | Bk. Nova Scot. ‖ | 951p | +10 | 92c | – | 5.0 |
| 22 | 17 | BCE ‖ | 21⅛ | ..... | $2.44 | – | 5.8 |
| 848p | 570p | ♦Bow Valley ‖ | 724p | –15 | ♦40c | – | 2.8 |
| 16⅞ | 12⅛ | ♦Brascan ‖ | 15⅛ | –⅛ | 88c | – | 2.9 |
| 228p | 144p | ♦Breakwater Res. | 147p | –6 | 10c | – | 3.5 |
| 17¼ | 11¼ | Can Imp Bank ‖ | 16¼ | –⅛ | $1.24 | – | 3.9 |
| [illegible] | [illegible] | Can. Pacific ‖ | [illegible] | [illegible] | [illegible] | – | 3.1 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BANKS, HP & LEASING

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### Hire Purchase, Leasing, etc.

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BEERS, WINES & SPIRITS

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BUILDING, TIMBER, ROADS

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BUILDING, TIMBER, ROADS—Contd

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## CHEMICALS, PLASTICS

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## DRAPERY AND STORES

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## DRAPERY AND STORES—Contd

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ELECTRICALS

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ENGINEERING

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ENGINEERING—Contd

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## FOOD, GROCERIES, ETC

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## HOTELS AND CATERERS

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## INDUSTRIALS (Miscel.)

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## INDUSTRIALS (Miscel.)—Contd

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## INDUSTRIALS (Miscel.)—Contd.

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## INSURANCES

| 1989 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

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## INSURANCES—Contd

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING, ADVERTISING

## PAPER, PRINTING, ADVERTISING—Contd

## PROPERTY

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## TRUSTS, FINANCE, LAND—Contd

### Finance, Land, etc

## OIL AND GAS

## OIL AND GAS—Contd

## OVERSEAS TRADERS

## PLANTATIONS

### Rubbers, Palm Oil

### Teas

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Diamond and Platinum

### Central African

### Finance

### Australians

## MINES—Contd

### Tins

### Miscellaneous

## THIRD MARKET

[illegible]

| 1989 High | Low | Stock | Price | + or - | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 160 | 95 | Seacon Hldgs. | 154 | +2 | 2.5 | 6.1 | 2.2 | 9.6 |
| *17½ | 5½ | Stats Hldgs. 5p | 8½ | | – | – | – | 13.0 |
| *3¾ | 1¾ | Swanyard Studios 1p | 2½ | | – | – | – | ♦ |
| 11 | 7 | Systems Connection 2½p | 8 | –½ | – | – | – | 10.5 |
| 43 | 37 | Tavern Leis. 20p | 41 | | – | – | – | – |
| 105 | 28 | Tomorrows Leisure 20p | 105 | | – | – | – | 52.3 |
| 19 | 11 | Tullow Oil 10p | 15 | +½ | – | – | – | – |
| 113 | 85 | UPL Group 10p | 85 | | 2.75 | ♦ | 4.3 | ♦ |
| 150 | 135 | Unit Group | 145 | | 5.0 | ♦ | 4.6 | 4 |
| 14 | 5 | Vista Ents 5p | 9 | | – | – | – | – |
| 40 | 35 | Vizcaya Hldgs 5p | 35 | | – | – | – | – |
| 39½ | 23 | Whitegate Leisure 20p | 39 | +1 | – | – | – | – |
| 27 | 10 | Do. Wrrnts. | 26 | –½ | – | – | – | – |
| 10¼ | 5 | Wilton Group 1p | 8 | –¼ | – | – | – | – |

## NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ⊕ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¢ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| | | |
|---|---|---|
| Albany Inv 20p | 94 | ...... |
| Craig & Rose £1 | 830 | ...... |
| Finlay Pkg. 5p | 80 | ...... |
| Holt (Jos) 25p | 1325 | ...... |

| | | |
|---|---|---|
| Arnotts | 415 | +5 |
| Carroll (P.J.) | 150 | –5 |
| Hall (R. & H.) | 161 | –4 |
| Helton Hldgs. | 85 | +2 |
| Irish Ropes | 210 | ...... |
| United Drug | 132 | ...... |

### IRISH

| | | |
|---|---|---|
| Cap. 8½% Ln. 1991 | £98½ | ...... |
| 9pc Cap Ln. 1996 | £101⅛ | –⅛ |
| Fin. 13% 97/02 | £121¼ | ...... |

## TRADITIONAL OPTIONS

3-month call rates

### Industrials

| | p |
|---|---|
| Allied-Lyons | 38 |
| Amstrad | 11 |
| BAT | 80 |
| BOC Grp | 42 |
| BSR | 6½ |
| BTR | 32 |
| Barclays | 42 |
| Beecham | 50 |
| Blue Circle | 48 |
| Boots | 25 |
| Bowaters | 44 |
| Brit Aerospace | 52 |
| British Steel | 7½ |
| Brit. Telecom | 21 |
| Burton Ord | 18 |
| Cadburys | 46 |
| Charter Cons | 48 |
| Comm Union | 32 |
| Courtaulds | 30 |
| FKI Babcock | 14 |
| FNFC | 22 |
| Gen Accident | 85 |
| GEC | 20 |
| Glaxo | 110 |
| Grand Met | 48 |
| GUS 'A' | 90 |
| Guardian | 10 |
| GKN | 34 |
| Hanson | 16 |
| Hawker Sidd | 60 |
| ICI | 100 |
| Jaguar | 28 |
| Ladbroke | 28 |
| Legal & Gen | 26 |
| Lex Service | 33 |
| Lloyds Bank | 29 |
| Lucas Inds | 50 |
| Marks & Spencer | 15 |
| Midland Bk | 50 |
| Morgan Grenfell | 24 |
| Nat West Bk | 25 |
| P & O Dfd | 55 |
| Plessey | 22 |
| Polly Peck | 26 |
| Racal Elect | 40 |
| RHM | 42 |
| Rank Org Ord | 80 |
| Reed Intl | 34 |
| STC | 32 |
| Sears | 10 |
| TI | 38 |
| TSB | 10 |
| Tesco | 14 |
| Thorn EMI | 58 |
| Trust Houses | 24 |
| T&N | 18 |
| Unilever | 46 |
| Vickers | 18 |
| Wellcome | 42 |

### Property

| | |
|---|---|
| Brit Land | 32 |
| Land Securities | 52 |
| MEPC | 50 |
| Randsworth | 28 |

### Oils

| | |
|---|---|
| Brit Petroleum | 21 |
| Burmah Oil | 50 |
| Calor | 35 |
| Charterhall | 2½ |
| Premier | 9 |
| Shell | 32 |
| Ultramar | 26 |

### Mines

| | |
|---|---|
| Cons Gold | 150 |
| Lonrho | 38 |
| RTZ | 40 |

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar and yen lose ground

THE DOLLAR finished below its best level yesterday oo a day remarkable for its lack of trading volume. The US unit was marked down in early trading. failing to take advantage of a weaker tone in the Japanese yen. investors remain cautious because there is an overriding feeling that US interest rates are set on a course of gentle decline as the US aothorities move to minimise the possibility of an economic recession.

The dollar was initially marked lower after the release of US June durable goods orders. These showed an increase of just 0.3 per cent compared with expectations of a rise nearer 1.0 per cent. However, a breakdown of the figures showed that the underlying rise was more than this, and the dollar recovered to close above the day's lows. Against the D-Mark, it finished at DM1.8935 from DM1.9090 and Y142.55 compared with Y143.25. Elsewhere, the dollar closed at FFr6.4275 from FFr6.4700 and SFr1.6310 compared witb SFr1.6450. On Bank of England figures, the dollar's exchange rate index fell to 70.3 from 70.6.

The yen continued to suffer from a lack of investor confidence following the poor showing by the ruling Liberal Democratic Party in Sunday's elections in Japan. However, attempts to push the dollar firmer against the yen soon encouraged profit-taking. But the Japanese unit was again lower against the D-Mark, the latter rising to Y75.28 from Y74.98 on Monday.

Sterling finished towards the day's low as inveators displayed a degree of uncertainty ahead of the release today of UK trade figures for June. There was also some reaction to a softer tone in money market rates following the release of tbe Confederation of British Industry's latest quarterly survey on business trends. This indicated that business optimism was lower than at any time over the past seven years. Traders believe that tha UK Government's policy of high interest rates is beginning to show through in the form of an economic slowdown.

The pound's exchange rate index closed at 92.4, down from 92.6 on Monday. Sterling was higher against a weaker dollar at $1.6265 from $1.6180 but lost ground against the D-Mark to DM3.0800 from DM3.0900. It was unchanged against the yen at Y231.75 but fell elsewhere to FFr10.4550 from FFr10.4700 and SFr2.6525 compared witb SFr2.6625.

The Bank of Spain made further attempts to control the rise in the Spanish peseta by intervening at yesterday's fixing in Madrid to buy $119m at the fixing rate of Pta118.72. The peseta was also strong in terms of the D-Mark, and the authorities appear determined to prevent a break by the D-Mark below the Pta62.70 level; the peseta is also trading close to the Danish krone's lower cross-rate limit.

### £ IN NEW YORK

| July.25 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.6280-1.6290 | 1.6249-1.6259 |
| 1 month | 0.66-0.65pm | 0.72-0.70pm |
| 3 months | 1.95-1.92pm | 1.97-1.92pm |
| 12 months | 7.40-7.30pm | 7.00-6.85pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | | July.25 | Previous |
|---|---|---|---|
| 8.30 | am | 92.5 | 92.6 |
| 9.00 | am | 92.4 | 92.6 |
| 10.00 | am | 92.5 | 92.6 |
| 11.00 | am | 92.5 | 92.5 |
| Noon | | 92.5 | 92.5 |
| 1.00 | pm | 92.5 | 92.7 |
| 2.00 | pm | 92.5 | 92.7 |
| 3.00 | pm | 92.4 | 92.6 |
| 4.00 | pm | 92.4 | 92.6 |

### CURRENCY RATES

| July.25 | Bank rate % | Special* Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling § | - | 1.28103 | 1.48444 |
| U.S. Dollar | 7 | 1.26523 | 1.09604 |
| Canadian $ | 12.39 | 1.50373 | 1.30165 |
| Austrian Sch. | 5 | 16.9743 | 14.5948 |
| Belgian Franc | 7.75 | 50.4985 | 43.4113 |
| Danish Krone | 9½ | 9.37725 | 8.05861 |
| Deutsche Mark | 5.00 | 2.41165 | 2.07337 |
| Neth. Guilder | 5.50 | 2.72088 | 2.33872 |
| French Franc | 9½ | 8.17971 | 7.03108 |
| Italian Lira | 13½ | 1742.82 | 1495.54 |
| Japanese Yen | 3¾ | 181.181 | 155.966 |
| Norway Krone | 8 | 8.82498 | 7.61746 |
| Spanish Peseta | - | 151.322 | 129.968 |
| Swedish Krona | 9½ | 8.21198 | 7.08478 |
| Swiss Franc | 5.5 | 2.08004 | 1.78599 |
| Greek Drach. | 20½ | N/A | 179.432 |
| Irish Punt | • | N/A | 0.775736 |

§ Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for July.24

### CURRENCY MOVEMENTS

| July.25 | Bank of England Index | Morgan** Guaranty Changes % |
|---|---|---|
| Sterling | 92.4 | -18.7 |
| U.S. Dollar | 70.3 | -7.2 |
| Canadian Dollar | 103.8 | +0.4 |
| Austrian Schilling | 106.7 | +9.7 |
| Belgian Franc | 106.2 | -5.9 |
| Danish Krone | 103.7 | -1.3 |
| Deutsche Mark | 113.3 | +20.6 |
| Swiss Franc | 107.7 | -16.7 |
| Guilder | 110.5 | +13.3 |
| French Franc | 99.6 | -15.4 |
| Lira | 99.8 | -18.7 |
| Yen | 137.6 | +67.5 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for July.24.

### OTHER CURRENCIES

| July.25 | £ | $ |
|---|---|---|
| Argentina | 1054.60-1063.40 | 650.00-655.00 |
| Australia | 2.1610-2.1635 | 1.3315-1.3325 |
| Brazil | 3.2100-3.2275 | 1.9825-1.9875 |
| Finland | 6.9095-6.9305 | 4.2630-4.2650 |
| Greece | 263.75-268.25 | 162.35-165.00 |
| Hong Kong | 12.6595-12.6725 | 7.8050-7.8070 |
| Iran | 118.25* | 72.50* |
| Korea(Sth) | 1081.85-1090.55 | 664.90-670.30 |
| Kuwait | 0.48120-0.48130 | 0.29550-0.29650 |
| Luxembourg | 64.45-64.55 | 39.60-39.70 |
| Malaysia | 4.3395-4.3505 | 2.6780-2.6800 |
| Mexico | 4098.85-4181.30 | 2525.00-2575.00 |
| N. Zealand | 2.8025-2.8085 | 1.7270-1.7300 |
| Saudi Ar. | 6.1065-6.1125 | 3.7500-3.7510 |
| Singapore | 3.1775-3.1825 | 1.9570-1.9590 |
| S. Af (Cm) | 4.3485-4.3590 | 2.6830-2.6860 |
| S. Af (Fn) | 6.6365-6.7755 | 4.0900-4.1755 |
| Taiwan | 41.85-41.95 | 25.80-25.85 |
| U.A.E. | 5.9880-5.9850 | 3.6720-3.6730 |

*Selling rate

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu July.25 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 42.4582 | 43.4113 | +2.24 | +1.00 | ±1.5424 |
| Danish Krone | 7.85212 | 8.05861 | +2.63 | +1.39 | ±1.6419 |
| German D-Mark | 2.05853 | 2.07337 | +0.72 | -0.52 | ±1.1019 |
| French Franc | 6.90403 | 7.03108 | +1.84 | +0.60 | ±1.3719 |
| Dutch Guilder | 2.31943 | 2.33872 | +0.83 | -0.41 | ±1.5019 |
| Irish Punt | 0.768411 | 0.775736 | +0.95 | -0.29 | ±1.6689 |
| Italian Lira | 1483.58 | 1495.54 | +0.81 | +0.18 | ±4.0815 |
| Spanish Peseta | 130.000 | 129.968 | -0.02 | - | - |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### POUND SPOT- FORWARD AGAINST THE POUND

| July.25 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.6210-1.6290 | 1.6260-1.6270 | 0.70-0.68cpm | 5.09 | 1.97-1.94pm | 4.81 |
| Canada | 1.9270-1.9365 | 1.9300-1.9310 | 0.30-0.22cpm | 1.62 | 0.85-0.73pm | 1.64 |
| Netherlands | 3.46¾-3.48¼ | 3.47¼-3.48¼ | 2¼-2cpm | 7.12 | 5¾-5⅝pm | 6.54 |
| Belgium | 64.25-64.70 | 64.45-64.55 | 34-30cpm | 5.95 | 90-84pm | 5.40 |
| Denmark | 11.95-11.99¾ | 11.98¼-11.99¼ | 5¼-4¾orepm | 3.25 | 13⅝-12¼pm | 4.40 |
| Ireland | 1.1505-1.1550 | 1.1515-1.1525 | 0.50-0.45cpm | 4.95 | 1.20-1.10pm | 3.99 |
| W. Germany | 3.07¼-3.08¼ | 3.07¼-3.08¼ | 2-1¾pfpm | 7.31 | 5¾-5¼pm | 6.82 |
| Portugal | 257.00-259.65 | 258.60-259.60 | 11-26cdis | -0.86 | 97-150dis | -1.91 |
| Spain | 192.60-193.90 | 193.30-193.60 | 2-15cdis | -0.53 | 28-47dis | -0.78 |
| Italy | 2215-2223¼ | 2219½-2220½ | 5-2lirepm | 1.89 | 9-7pm | 1.44 |
| Norway | 11.28¼-11.32 | 11.31-11.32 | 3¾-2¾orepm | 3.18 | 8¾-7¾pm | 2.85 |
| France | 10.42½-10.46 | 10.45-10.46 | 4¾-4¼cpm | 5.24 | 12¼-12pm | 4.71 |
| Sweden | 10.50¼-10.53½ | 10.52½-10.53½ | 2¼-1¾orepm | 1.71 | 5¾-5⅝pm | 2.18 |
| Japan | 231-232¼ | 231¼-232¼ | 1¾-1¼ypm | 6.47 | 5-4¾pm | 8.41 |
| Austria | 21.62-21.73 | 21.70-21.73 | 12-10gropm | 6.07 | 34-30pm | 5.89 |
| Switzerland | 2.64½-2.65¾ | 2.64¾-2.65¾ | 1⅝-1½cpm | 6.79 | 4¾-4½pm | 6.50 |
| ECU | 1.4825-1.4865 | 1.4855-1.4865 | 0.66-0.63cpm | 5.21 | 1.72-1.67pm | 4.56 |

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 64.70-64.80 Six-month forward dollar 3.87-3.82cpm 12 months 7.02-6.92cpm

### DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

| July.25 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.6210-1.6290 | 1.6260-1.6270 | 0.70-0.68cpm | 5.09 | 1.97-1.94pm | 4.81 |
| Ireland† | 1.4070-1.4135 | 1.4085-1.4095 | 0.08-0.03cpm | 0.47 | 0.32-0.22pm | 0.76 |
| Canada | 1.1860-1.1885 | 1.1875-1.1885 | 0.33-0.36cdis | -3.49 | 0.93-0.98dis | -3.22 |
| Netherlands | 2.1295-2.1410 | 2.1370-2.1380 | 0.37-0.35cpm | 2.02 | 0.95-0.91pm | 1.74 |
| Belgium | 39.50-39.75 | 39.60-39.70 | 3.50-2.00cpm | 0.83 | 7.00-4.50pm | 0.58 |
| Denmark | 7.33¾-7.37½ | 7.36¾-7.37¼ | 0.05-0.30oredis | -0.29 | 0.55-0.95dis | -0.41 |
| W. Germany | 1.8875-1.9000 | 1.8930-1.8940 | 0.37-0.35pfpm | 2.28 | 0.96-0.93pm | 1.99 |
| Portugal | 158.45-158.60 | 158.45-158.55 | 60-80cdis | -5.30 | 255-285dis | -6.82 |
| Spain | 118.45-119.05 | 119.05-119.15 | 50-60cdis | -5.56 | 165-175dis | -5.73 |
| Italy | 1362-1367¾ | 1364¼-1365¼ | 3.40-3.90liredis | -2.77 | 11.00-10.70dis | -3.18 |
| Norway | 6.94¼-6.96 | 6.95½-6.96 | 0.97-1.22cdis | -1.89 | 3.40-3.70dis | -2.04 |
| France | 6.40-6.44 | 6.42½-6.43 | 0.05pm-par | 0.05 | 0.10-0.25dis | -0.11 |
| Sweden | 6.45¼-6.48¼ | 6.47¼-6.47¾ | 1.33-1.48oredis | -2.61 | 4.30-4.55dis | -2.74 |
| Japan | 142.10-142.65 | 142.50-142.60 | 0.49-0.47ypm | 4.04 | 1.27-1.24pm | 3.52 |
| Austria | 13.30-13.34¾ | 13.34¼-13.35 | 1.30-0.50gropm | 0.81 | 4.30-2.60pm | 1.04 |
| Switzerland | 1.6260-1.6350 | 1.6305-1.6315 | 0.25-0.22cpm | 1.73 | 0.71-0.68pm | 1.70 |
| ECU | 1.0930-1.0965 | 1.0930-1.0940 | 0.05pm-0.50cdis | - | 0.10-0.07pm | 0.31 |

Commercial rates taken towards the end of London trading. † UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.75-39.85.

### EURO-CURRENCY INTEREST RATES

| July.25 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 13⅞-13⅝ | 13⅞-13⅝ | 14-13⅞ | 13⅞-13⅞ | 13⅞-13¼ | 13½-13¼ |
| US Dollar | 9¼-9 | 9¼-9 | 9¼-9 | 9-8⅞ | 8⅞-8⅝ | 8⅝-8½ |
| Can. Dollar | 12⅛-11⅞ | 12⅛-12⅛ | 12¼-11⅞ | 12⅛-11⅞ | 11⅞-11½ | 11¼-11 |
| D Guilder | 7-6⅞ | 7-6⅞ | 7⅛-6⅞ | 7¼-7⅛ | 7¼-7⅛ | 7¼-7⅛ |
| Sw. Franc | 7⅛-7⅛ | 7⅛-7⅛ | 7⅛-7⅛ | 7⅛-7⅛ | 7⅛-6⅞ | 6⅞-6¾ |
| Deutschmark | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ | 6⅞-6⅞ |
| Fr. Franc | 9⅛-9 | 9⅛-9 | 9⅛-9 | 9⅛-9 | 9⅛-9 | 9⅛-9 |
| Italian Lire | 11-9 | 13½-12½ | 12¼-11¾ | 12⅛-11⅞ | 12¼-11⅞ | 12⅛-12 |
| B. Fr. (Fin) | 8½-8⅜ | 8½-8⅜ | 8⅞-8⅞ | 8⅞-8⅞ | 8⅞-8⅞ | 8¾-8½ |
| B. Fr. (Con) | 8⅜-8⅜ | 8⅜-8 | 8⅞-8⅝ | 8⅞-8⅝ | 8⅞-8 | 8⅞-8⅝ |
| Yen | 5⅜-5⅜ | 5⅜-5⅜ | 5⅞-5⅝ | 5⅞-5⅝ | 5⅞-5⅝ | 5⅞-5⅝ |
| D. Krone | 10⅛-10 | 9⅞-9⅝ | 9⅞-9⅝ | 9⅞-9⅝ | 9⅞-9⅝ | 9⅞-9⅝ |
| Asian $Sing | 9⅛-9⅛ | 9⅛-9⅛ | 9⅛-9 | 9⅞ | 8⅞-8⅞ | 8⅞-8½ |

Long term Eurodollars: two years 8⅞-8⅞ per cent; three years 8¾-8⅝ per cent; four years 8⅞-8⅞ per cent; five years 8⅞-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| July.25 | £ | $ | DM | Yen | F Fr. | S Fr. | H FL | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.627 | 3.080 | 231.8 | 10.46 | 2.653 | 3.478 | 2220 | 1.931 | 64.50 |
| $ | 0.615 | 1 | 1.893 | 142.5 | 6.429 | 1.631 | 2.138 | 1364 | 1.187 | 39.64 |
| DM | 0.325 | 0.528 | 1 | 75.26 | 3.396 | 0.861 | 1.129 | 720.8 | 0.627 | 20.94 |
| YEN | 4.314 | 7.019 | 13.29 | 1000. | 45.13 | 11.45 | 15.00 | 9577 | 8.330 | 278.3 |
| F Fr. | 0.956 | 1.555 | 2.945 | 221.6 | 10. | 2.536 | 3.325 | 2122 | 1.846 | 61.66 |
| S Fr. | 0.377 | 0.613 | 1.161 | 87.37 | 3.943 | 1 | 1.311 | 836.8 | 0.728 | 24.31 |
| H FL | 0.288 | 0.468 | 0.886 | 66.65 | 3.007 | 0.763 | 1 | 638.3 | 0.555 | 18.55 |
| Lira | 0.450 | 0.733 | 1.387 | 104.4 | 4.712 | 1.195 | 1.567 | 1000. | 0.870 | 29.05 |
| C $ | 0.518 | 0.843 | 1.595 | 120.0 | 5.417 | 1.374 | 1.801 | 1150 | 1 | 33.40 |
| B Fr. | 1.550 | 2.522 | 4.775 | 359.4 | 16.22 | 4.113 | 5.392 | 3442 | 2.994 | 100. |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES

# Weak tone ahead of trade data

UNCERTAINTY AHEAD of today's release of UK trade figures for June reduced both the value of sbort sterling contracts and the turnover in *Liffe* trading yesterday. Volume was also curtailed by the proximity of today's strike hy UK rail workers. Many investors were content to square off their positions in the hope that there will be plenty of time to react to the data.

The September price for short sterling fell below support at 86.30 but avoided testing 86.23, and recovered to finish at 86.30, up from 86.27 at the opening, *but down from* Monday's close of 86.33.

West German Government bond futures recorded further useful gains, following tbe announcement of a fixed rate sale and repurchase tender in the Frankfurt money market. This was regarded as having a stahilising influence on casb rates, and the September bond rose to 95.52 from 95.37 on Monday.

US Treasury honds moved higher after the Fed's decision not to drain reserves in tbe money market whicb could have pushed sbort-term interest rates higher. The September price finished at 97-17 from 97-12 at the start and 97-08 at Monday's close.

### LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

| Strike Price | Calls-settlements Sep | Dec | Puts-settlements Sep | Dec |
|---|---|---|---|---|
| 92 | 3-51 | 3-56 | 0-03 | 0-26 |
| 93 | 2-54 | 3-07 | 0-06 | 0-41 |
| 94 | 1-63 | 2-28 | 0-15 | 0-62 |
| 95 | 1-15 | 1-54 | 0-31 | 1-24 |
| 96 | 0-43 | 1-23 | 0-59 | 1-57 |
| 97 | 0-21 | 0-62 | 1-37 | 2-32 |
| 98 | 0-10 | 0-43 | 2-26 | 3-13 |

Estimated volume total, Calls 2011 Puts 1380
Previous day's open int. Calls 13929 Puts 19856

### LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

| Strike Price | Calls-settlements Sep | Dec | Puts-settlements Sep | Dec |
|---|---|---|---|---|
| 92 | 5-36 | 5-50 | 0-02 | 0-28 |
| 94 | 3-39 | 4-09 | 0-05 | 0-51 |
| 96 | 1-52 | 2-48 | 0-18 | 1-26 |
| 98 | 0-39 | 1-43 | 1-05 | 2-21 |
| 100 | 0-09 | 0-60 | 2-39 | 3-38 |
| 102 | 0-02 | 0-33 | 4-32 | 5-11 |
| 104 | 0-01 | 0-17 | 6-31 | 6-59 |

Estimated volume total, Calls 57 Puts 55
Previous day's open int. Calls 2790 Puts 3066

### LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

| Strike Price | Calls-settlements Sep | Dec | Puts-settlements Sep | Dec |
|---|---|---|---|---|
| 9400 | 1.55 | 1.79 | 0.03 | 0.29 |
| 9450 | 1.09 | 1.43 | 0.07 | 0.43 |
| 9500 | 0.69 | 1.12 | 0.17 | 0.62 |
| 9550 | 0.38 | 0.85 | 0.36 | 0.85 |
| 9600 | 0.18 | 0.62 | 0.66 | 1.12 |
| 9650 | 0.08 | 0.44 | 1.06 | 1.44 |
| 9700 | 0.04 | 0.30 | 1.52 | 1.80 |

Estimated volume total, Calls 985 Puts 893
Previous day's open int. Calls 11686 Puts 12854

### LIFFE £/$ OPTIONS
£25,000 (cents per £1)

| Strike Price | Calls-settlements Aug | Sep | Puts-settlements Aug | Sep |
|---|---|---|---|---|
| 145 | 17.30 | 17.30 | 0.00 | 0.02 |
| 150 | 12.30 | 12.30 | 0.00 | 0.15 |
| 155 | 7.30 | 7.30 | 0.08 | 0.73 |
| 160 | 2.77 | 3.41 | 0.89 | 2.30 |
| 165 | 0.57 | 1.33 | 3.69 | 5.22 |
| 170 | 0.05 | 0.39 | 8.17 | 9.28 |
| 175 | 0.00 | 0.09 | 13.12 | 13.98 |

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 196 Puts 23

### LIFFE EURODOLLAR OPTIONS
$1m points of 100%

| Strike Price | Calls-settlements Sep | Dec | Puts-settlements Sep | Dec |
|---|---|---|---|---|
| 9075 | 0.72 | 1.11 | 0.03 | 0.08 |
| 9100 | 0.49 | 0.89 | 0.05 | 0.11 |
| 9125 | 0.29 | 0.69 | 0.10 | 0.16 |
| 9150 | 0.15 | 0.52 | 0.21 | 0.24 |
| 9175 | 0.07 | 0.37 | 0.38 | 0.34 |
| 9200 | 0.03 | 0.25 | 0.59 | 0.47 |
| 9225 | 0.02 | 0.16 | 0.83 | 0.63 |

Estimated volume total, Calls 550 Puts 50
Previous day's open int. Calls 5886 Puts 4783

### LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

| Strike Price | Calls-settlements Sep | Dec | Puts-settlements Sep | Dec |
|---|---|---|---|---|
| 8600 | 0.47 | 1.28 | 0.17 | 0.18 |
| 8625 | 0.32 | 1.08 | 0.27 | 0.23 |
| 8650 | 0.20 | 0.89 | 0.40 | 0.29 |
| 8675 | 0.13 | 0.72 | 0.58 | 0.37 |
| 8700 | 0.07 | 0.56 | 0.77 | 0.46 |
| 8725 | 0.04 | 0.43 | 0.99 | 0.58 |
| 8750 | 0.02 | 0.33 | 1.22 | 0.73 |

Estimated volume total, Calls 3243 Puts 935
Previous day's open int. Calls 24741 Puts 19889

### PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

| Strike Price | Calls Aug | Sep | Oct | Dec | Puts Aug | Sep | Oct | Dec |
|---|---|---|---|---|---|---|---|---|
| 1.575 | 4.89 | 5.28 | 5.54 | 6.01 | 0.23 | 1.23 | 1.98 | 3.37 |
| 1.600 | 2.84 | 3.56 | 3.94 | 4.56 | 0.76 | 2.01 | 2.90 | 4.55 |
| 1.625 | 1.43 | 2.24 | 2.68 | 3.40 | 1.79 | 3.26 | 4.22 | 5.97 |
| 1.650 | 0.59 | 1.42 | 1.86 | 2.46 | 3.36 | 4.85 | 5.81 | 7.56 |
| 1.675 | 0.17 | 0.80 | 1.18 | 1.84 | 5.44 | 16.72 | 7.62 | 9.31 |
| 1.700 | 0.08 | 0.40 | 0.71 | 1.28 | 7.55 | 0.80 | 9.62 | 11.22 |
| 1.725 | 0.02 | 0.16 | 0.39 | 0.87 | - | 11.05 | 11.77 | 13.25 |

Previous day's open int: Calls 332,163 Puts 379,316 (All currencies)
Previous day's volume: Calls 3,870 Puts 16,671 (All currencies)

### LONDON (LIFFE)

**20-YEAR 9% NOTIONAL GILT**
£50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 95-24 | 96-01 | 95-20 | 95-26 |
| Dec | 95-15 | 95-20 | 95-20 | 95-17 |

Estimated volume 6495 (5047)
Previous day's open int. 28542 (28909)

**7-10 YEAR 9% NOTIONAL GILT**
£50,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | | | | |
| Dec | | | | |

Estimated volume 0 (0)
Previous day's open int. 0 (0)

**US TREASURY BONDS 8%**
$100,000 32nds of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 97-17 | 97-17 | 97-08 | 97-08 |
| Dec | 97-11 | | | 97-02 |
| Mar | | | | |

Estimated volume 2919 (2320)
Previous day's open int. 7582 (7428)

**6% NOTIONAL GERMAN GOVT. BOND**
DM250,000 100ths of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 95.52 | 95.53 | 95.41 | 95.37 |
| Dec | 95.50 | 95.50 | 95.43 | 95.36 |
| Mar | 95.44 | 95.35 | 95.35 | 95.27 |

Estimated volume 12620 (8265)
Previous day's open int. 40398 (41385)

**6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%**

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 105.72 | 105.72 | 105.62 | 105.24 |
| Dec | 105.17 | 105.16 | 105.08 | 104.69 |

Estimated volume 347 (358)
Previous day's open int. 948 (947)

**THREE MONTH STERLING**
£500,000 points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 86.30 | 86.33 | 86.24 | 86.33 |
| Dec | 87.10 | 87.14 | 87.06 | 87.14 |
| Mar | 87.87 | 87.88 | 87.79 | 87.87 |
| Jun | 88.26 | 88.27 | 88.17 | 88.26 |

Est. Vol. (inc. figs. not shown) 19323 (13101)
Previous day's open int. 91347 (91631)

**THREE MONTH EURODOLLAR**
$1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 91.44 | 91.46 | 91.39 | 91.38 |
| Dec | 91.78 | 91.80 | 91.75 | 91.72 |
| Mar | 92.03 | 92.06 | 92.01 | 91.99 |
| Jun | 92.03 | 92.06 | 92.06 | 91.99 |

Est. Vol. (inc. figs. not shown) 4155 (4300)
Previous day's open int. 49110 (48960)

**THREE MONTH EUROMARK**
DM 1m points of 100%

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 93.18 | 93.21 | 93.17 | 93.16 |
| Dec | 93.28 | 93.32 | 93.28 | 93.26 |
| Mar | 93.43 | | | 93.39 |
| Jun | 93.44 | | | 93.43 |

Estimated volume 1979 (1463)
Previous day's open int. 14649 (14821)

**FT-SE 100 INDEX**
£25 per full index point

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 2301.0 | 2303.0 | 2275.0 | 2283.5 |
| Dec | 2346.0 | | | 2328.5 |

Estimated volume 2490 (2171)
Previous day's open int. 19374 (19280)

**POUND-$ (FOREIGN EXCHANGE)**

| Spot | 1-mth. | 3-mth. | 6-mth. | 12-mth. |
|---|---|---|---|---|
| 1.6265 | 1.6196 | 1.6070 | 1.5881 | 1.5568 |

**IMM-STERLING $s per £**

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 1.6122 | 1.6170 | 1.6110 | 1.6142 |
| Dec | 1.5930 | 1.5978 | 1.5920 | 1.5954 |
| Mar | 1.5750 | 1.5824 | 1.5750 | 1.5780 |
| Jun | 1.5652 | 1.5652 | - | 1.5624 |

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8%**
$100,000 32nds of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 97-16 | 97-18 | 97-09 | 97-10 |
| Dec | 97-11 | 97-12 | 97-03 | 97-04 |
| Mar | 97-00 | 97-02 | 96-29 | 96-27 |
| Jun | - | - | - | 96-18 |
| Sep | 96-12 | 96-14 | 96-08 | 96-09 |
| Dec | - | - | - | 96-00 |
| Mar | - | - | - | 95-24 |
| Jun | - | - | - | 95-16 |
| Sep | - | - | - | 95-08 |
| Dec | - | - | - | 95-00 |
| Mar | - | - | - | - |

**U.S. TREASURY BILLS (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 92.58 | 92.58 | 92.50 | 92.51 |
| Dec | 93.07 | 93.07 | 93.00 | 92.98 |
| Mar | 93.28 | 93.28 | 93.26 | 93.20 |
| Jun | 93.17 | 93.17 | - | 93.13 |
| Sep | 93.10 | 93.10 | - | 93.08 |

**SWISS FRANC (IMM)**
SFr 125,000 $ per SFr

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 0.6145 | 0.6162 | 0.6142 | 0.6131 |
| Dec | 0.6163 | 0.6186 | 0.6163 | 0.6156 |
| Mar | 0.6195 | 0.6200 | - | 0.6174 |

**JAPANESE YEN (IMM)**
Y12.5m $ per Y100

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 0.7057 | 0.7078 | 0.7052 | 0.7057 |
| Dec | 0.7109 | 0.7125 | 0.7109 | 0.7111 |
| Mar | 0.7165 | 0.7165 | - | 0.7162 |
| Jun | - | - | - | 0.7215 |

**DEUTSCHE MARK (IMM)**
DM125,000 $ per DM

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 0.5292 | 0.5310 | 0.5290 | 0.5289 |
| Dec | 0.5313 | 0.5335 | 0.5313 | 0.5312 |
| Mar | - | - | - | 0.5333 |
| Jun | - | - | - | - |

**THREE-MONTH EURODOLLAR (IMM)**
$1m points of 100%

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 91.43 | 91.46 | 91.40 | 91.40 |
| Dec | 91.77 | 91.80 | 91.75 | 91.75 |
| Mar | 92.03 | 92.05 | 92.02 | 92.01 |
| Jun | 92.03 | 92.06 | 92.02 | 92.01 |
| Sep | 91.97 | 91.99 | 91.96 | 91.94 |
| Dec | 91.78 | 91.80 | 91.77 | 91.75 |
| Mar | - | 91.71 | 91.70 | 91.68 |
| Jun | 91.61 | 91.61 | 91.60 | 91.58 |

**STANDARD & POORS 500 INDEX**
$500 times index

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Sep | 337.85 | 338.20 | 336.50 | 336.40 |
| Dec | 341.70 | 342.10 | 340.55 | 340.40 |
| Mar | 345.80 | 345.90 | 344.35 | 344.40 |

## MONEY MARKETS

# UK rates steadier

INTEREST RATES were virtually unchanged in London yesterday, not hecause of a lack of direction hut because investors were unwilling to carry exposed positions ahead of today's release of UK trade figures for June. Furthermore, turnover is likely to be reduced as a result of yet another one-day strike on the UK rail system.

Three-month interhank money was quoted at 14-13 15/16 per cent compared with 14-13⅞ oo Monday. Overnight money opened at 14-13¾ per cent and moved np to a high of 15¼ hefore finishing at 11½ per cent.

**UK clearing bank base lending rate 14 per cent from May 24**

The Bank of England forecast a shortage of around £100m. Factors affecting the market included hills maturing in official hands and a take-np of Treasury bills, together with the repayment of late assistance draining £387m. These were partly offset hy Exchequer transactions which added £60m to the system, and a fall in the uote circulation of £25m. In addition, banks brought forward balances £200m above target.

There was no help given by the Bank in the morning, but in the afternoon it bought £91m of bills comprising £15m of local antbority bills and £16m of eligible bank bills in band 1 and £50m of bank bills in band 2, all at 13¾ per cent.

In Frankfurt, the Bundesbank annonnced a sale and repurchase tender at a fixed rate of 6.80 per cent. The result of tbe tender will be annonnced today, wben successful applicants for the 28-day facility receive their allocations, coinciding with a maturing agreement that drains DM6.8bn from the system. The decision to offer a fixed-rate tender is seen as underlying the authorities' desire for interest rate stability.

The Bundeshank's central council meets tomorrow for the last time before the summer recess and tha mood of the market auggests that the authorities will try and keep speculation on possible interest changes to a minimum. By yesterday evening there was no announcement on whether or not the Bundesbank will call a news conference after the meeting. Call money yesterday was quoted at 6.85-6.95 per cent, unchanged from Monday.

In New York, the US Federal Reserve refrained from intervening in money markets and may wait until today - the last day of the two-week accounting period - before draining reserves. Overnight Fedaral funds were trading at 9¼ per cent against 9 1/16 per cent on Monday.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. July.25) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 8¾ | offer 9 | bid 8⅞ | offer 8⅞ |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK**

| Lunchtime | | Treasury Bills and Bonds | | | |
|---|---|---|---|---|---|
| Prime rate | 11 | One month | 8.14 | Three year | 7.84 |
| Broker loan rate | 10¾ | Two month | 8.42 | Four year | 7.82 |
| Fed. funds | 9¼ | Three month | 8.35 | Five year | 7.02 |
| Fed funds at intervention | - | Six month | 8.08 | Seven year | 7.92 |
| | | One year | 7.95 | 10-year | 8.02 |
| | | Two year | 7.85 | 30-year | 8.12 |

| July.25 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 6.85-6.95 | 6.85-7.00 | 6.85-7.00 | 6.85-7.00 | 6.85-7.05 | 7.00 |
| Paris | 9¼-9⅜ | 8⅞-9¼ | 8⅞-9¼ | 8⅞-9⅛ | 8⅞-9¼ | 8.75 |
| Zurich | 6⅞-6⅞ | 7-7¼ | - | 7-7¼ | - | - |
| Amsterdam | 6.75-6.88 | 7.05-7.15 | - | 7.10-7.20 | - | - |
| Tokyo | 5¼-5⅜ | 5⅜-5⅜ | - | 5⅞-5⅞ | - | - |
| Milan | 12¼-12½ | 12¼-12¾ | - | 12⅞-13 | - | - |
| Brussels | 9.50 | 8⅞-8⅞ | - | 8⅞-8⅞ | - | - |
| Dublin | 9-9½ | 9¼-9¾ | 9¼-9¾ | 9¾-10 | 10-10¼ | - |

### LONDON MONEY RATES

| July.25 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 15½ | 14½ | 14 | 14 | 13⅞ | 13⅞ |
| Interbank Bid | 11½ | 13¾ | 13⅞ | 13⅞ | 13¾ | 13⅝ |
| Sterling CDs | - | - | 13⅞ | 13⅞ | 13⅞ | 13¾ |
| Local Authority Deps | 13½ | 13⅞ | 13⅞ | 13⅞ | 13⅝ | 13½ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps | 14½ | 13¾ | 13⅞ | 13⅞ | - | - |
| Company Deposits | - | - | 13⅞ | 13⅞ | 13⅞ | 13⅞ |
| Finance House Deposits | - | - | 13⅞ | 13⅞ | 13⅞ | 13½ |
| Treasury Bills (Buy) | - | - | 13⅞ | 13⅞ | - | - |
| Bank Bills (Buy) | - | - | 13⅞ | 13⅞ | 12⅞ | - |
| Fine Trade Bills (Buy) | - | - | 14⅛ | 14⅛ | 13⅞ | - |
| Dollar CDs | - | - | 9.05 | 8.85 | 8.72 | 8.52 |
| SDR Linked Dep Offer | - | - | 8⅞ | 8⅞ | 8⅞ | 8⅞ |
| SDR Linked Dep Bid | - | - | 8⅝ | 8⅝ | 8⅝ | 8⅝ |
| ECU Linked Dep Offer | - | - | 9⅛ | 9⅛ | 9⅛ | 9⅛ |
| ECU Linked Dep Bid | - | - | 8⅞ | 8⅞ | 9⅛ | 9⅛ |

Treasury Bills (sell); one-month 13 13/16 per cent; three months 13⅝ per cent; Bank Bills (sell); one-month 13 13/16 per cent; three months 13⅝ per cent; Treasury Bills; Average tender rate of discount 13.2762 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1989. Agreed rates for period July 26 1989 to August 25, 1989, Scheme I: 14.90 p.c., Schemes II & III: 15.51 p.c. Reference rate for period June 1 to June 30, 1989, Scheme IV&V: 14.175 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from July 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1,1988. Deposits withdrawn for cash 5 per cent. Correction for July.24 Local Authority deposits 7 Days 13⅞.

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| ABN Bank | 14 | Clydesdale Bank | 14 | NatWestminster | 14 |
| Adam & Company | 14 | Comm. Bk. N. East | 14 | Northern Bank Ltd | 14 |
| AAB - Allied Arab Bk | 14 | Co-operative Bank | *14 | Norwich Gen. Trust | 14 |
| Allied Irish Bank | 14 | Coutts & Co | 14 | PRIVATbanken Limited | 14 |
| ● Henry Ansbacher | 14 | Cyprus Popular Bk | 14 | Provincial Bank PLC | 15 |
| Associates Cap Corp | 14 | Dunbar Bank PLC | 14 | R. Raphael & Sons | 14 |
| Authority Bank | 14 | Duncan Lawrie | 14 | Roxburghe G'rantee | 14½ |
| ● B & C Merchant Bank | 14 | Equatorial Bank plc | 14 | Royal Bk of Scotland | 14 |
| Bank of Baroda | 14 | Exeter Trust Ltd | 14½ | Royal Trust Bank | 14 |
| Banco Bilbao Vizcaya | 14 | Financial & Gen. Bank | 14 | ● Smith & Williams Secs. | 14 |
| Bank Hapoalim | 14 | First National Bank Plc. | 15 | Standard Chartered | 14 |
| Bank Credit & Comm | 14 | ● Robert Fleming & Co. | 14 | TSB | 14 |
| Bank of Cyprus | 14 | Robert Fraser & Ptnrs. | 14½ | United Bk of Kuwait | 14 |
| Bank of Ireland | 14 | Girobank | 14 | United Mizrahi Bank | 14 |
| Bank of India | 14 | ● Guinness Mahon | 14 | Unity Trust Bank Plc | 14 |
| Bank of Scotland | 14 | HFC Bank plc | 14 | Western Trust | 14 |
| Banque Belge Ltd | 14 | ● Hambros Bank | 14 | Westpac Bank Corp | 14 |
| Barclays Bank | 14 | Heritable & Gen Inv Bnk | 14 | Whiteaway Laidlaw | 14 |
| Benchmark Bank PLC | 14 | ● Hill Samuel | §14 | Yorkshire Bank | 14 |
| Berliner Bank AG | 14 | C. Hoare & Co. | 14 | | |
| Brit Bk of Mid East | 14 | Hongkong & Shangh | 14 | | |
| ● Brown Shipley | 14 | ● Leopold Joseph & Sons | 14 | | |
| Business Mtge Tst | 14½ | Lloyds Bank | 14 | | |
| Cl. Bank Nederland | 14 | Meghraj Bank Ltd | 14 | | |
| Central Capital | 14 | McDonnell Douglas Bnk | 14 | | |
| ● Charterhouse Bank | 14 | Midland Bank | 14 | | |
| Citibank NA | 14 | Mount Banking | 14 | | |
| City Merchants Bank | 14 | Nat Bk. of Kuwait | 14 | | |

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Sarewise 8.5%. Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. § Demand deposit 9%. Mortgage 13.25% - 15%

### EUROPEAN OPTIONS EXCHANGE

| Series | | Aug. 89 Vol | Last | Sep. 89 Vol | Last | Oct. 89 Vol | Last | Stock |
|---|---|---|---|---|---|---|---|---|
| EOE Index C | Fl. 250 | - | - | - | - | 500 | 67.50 | Fl. 316.37 |
| EOE Index C | Fl. 295 | 3 | 22 b | 275 | 23 b | - | - | Fl. 316.37 |
| EOE Index C | Fl. 300 | 29 | 18.50 | 3 | 19 b | - | - | Fl. 316.37 |
| EOE Index C | Fl. 305 | 1 | 13 b | 39 | 15 | - | - | Fl. 316.37 |
| EOE Index C | Fl. 310 | 373 | 10 | 35 | 11.50 b | 515 | 14.80 | Fl. 316.37 |
| EOE Index C | Fl. 315 | 396 | 6.80 | 2 | 8.50 b | - | - | Fl. 316.37 |
| EOE Index C | Fl. 320 | 416 | 4 | 59 | 6.60 | 15 | 9 b | Fl. 316.37 |
| EOE Index C | Fl. 330 | 53 | 1.10 | 20 | 2.60 | 35 | 5.30 | Fl. 316.37 |
| EOE Index P | Fl. 290 | - | - | - | - | 49 | 2.10 | Fl. 316.37 |
| EOE Index P | Fl. 295 | 400 | 0.70 | 6 | 1.40 | - | - | Fl. 316.37 |
| EOE Index P | Fl. 300 | 35 | 1 | 37 | 2.50 | 62 | 3.60 | Fl. 316.37 |
| EOE Index P | Fl. 305 | 293 | 1.40 | 400 | 4 | - | - | Fl. 316.37 |
| EOE Index P | Fl. 310 | 293 | 2.40 | 73 | 5 | 2 | 7 | Fl. 316.37 |
| EOE Index P | Fl. 315 | 325 | 4.20 | 247 | 7.50 a | - | - | Fl. 316.37 |
| EOE Index P | Fl. 320 | 184 | 6.30 | 32 | 10.20 | 4 | 11.50 | Fl. 316.37 |
| EOE Index P | Fl. 325 | 107 | 9.70 | - | - | - | - | Fl. 316.37 |
| S/FI C | Fl. 210 | 5 | 4.40 b | 114 | 5.40 | - | - | Fl. 213.73 |
| S/FI C | Fl. 215 | 28 | 2.20 | 151 | 3 | - | - | Fl. 213.73 |
| S/FI C | Fl. 220 | - | - | 81 | 1.30 | 3 | 2.10 | Fl. 213.73 |
| S/FI P | Fl. 215 | 34 | 3.60 | 30 | 4.90 | - | - | Fl. 213.73 |

| Series | | Oct. 89 Vol | Last | Jan. 90 Vol | Last | Apr. 90 Vol | Last | Stock |
|---|---|---|---|---|---|---|---|---|
| ABN C | Fl. 45 | 609 | 1.80 | 35 | 2.60 | 23 | 3.80 | Fl. 44.80 |
| ABN P | Fl. 45 | 474 | 2.20 | - | - | - | - | Fl. 44.80 |
| Aegon C | Fl. 110 | 296 | 2.30 | 345 | 4.50 | 2 | 6.50 | Fl. 105.70 |
| Aegon P | Fl. 105 | 69 | 3.20 | 103 | 4.80 | - | - | Fl. 105.70 |
| Ahold C | Fl. 130 | 74 | 5 | 1 | 7.50 | 7 | 10.50 | Fl. 128 |
| Akzo C | Fl. 150 | 433 | 3.90 | 243 | 6.50 | 11 | 8.50 | Fl. 142 |
| Akzo P | Fl. 140 | 205 | 3.50 | 13 | 5.50 | 2 | 7 | Fl. 142 |
| Amev C | Fl. 55 | 50 | 2.30 | - | - | - | - | Fl. 54.20 |
| Amev P | Fl. 55 | 85 | 2.70 | 3 | 3 | - | - | Fl. 54.20 |
| Amro C | Fl. 90 | 626 | 2.80 | 146 | 4.50 | 20 | 5.50 b | Fl. 89.40 |
| BUHRMANN-T C | Fl. 70 | 34 | 2 | - | - | - | - | Fl. 66.50 |
| DAF N V C | Fl. 60 | 186 | 1.30 | 23 | 2.90 | - | - | Fl. 54.50 |
| N.V. DSM C | Fl. 140 | 219 | 2.70 b | 2 | 4.90 | - | - | Fl. 127.20 |
| N.V. DSM P | Fl. 125 | 139 | 4.80 | 24 | 6.80 | 2 | 8 | Fl. 127.20 |
| Elsevier C | Fl. 80 | 148 | 2.70 b | 1 | 4 | - | - | Fl. 78.20 |
| Gist-Broc. C | Fl. 35 | 606 | 2.20 | 135 | 3.40 | 43 | 4.60 | Fl. 34.60 |
| Gist-Broc. P | Fl. 35 | 256 | 2 | 162 | 2.80 | - | - | Fl. 34.60 |
| Heineken C | Fl. 140 | 118 | 3.30 | 4 | 5 b | 6 | 7 | Fl. 131.30 |
| Heineken P | Fl. 120 | 39 | 2.20 | - | - | 100 | 5 | Fl. 131.30 |
| Hoogovens C | Fl. 115 | 714 | 10 | - | - | - | - | Fl. 114.10 |
| Hoogovens P | Fl. 115 | 335 | 8.90 | 3 | 11.20 b | 10 | 13 | Fl. 114.10 |
| KLM C | Fl. 55 | 394 | 1.50 | 28 | 2.70 | 26 | 3.80 | Fl. 51.30 |
| KLM P | Fl. 50 | 125 | 2.70 | 18 | 3.30 | - | - | Fl. 51.30 |
| KNP C | Fl. 60 | 138 | 2 | 14 | 3.70 a | - | - | Fl. 56 |
| KNP P | Fl. 55 | 28 | 2.20 | - | - | - | - | Fl. 56 |
| NEDLLOYD C | Fl. 470 | 28 | 16.50 | 4 | 28.50 | - | - | Fl. 451.50 |
| NEDLLOYD P | Fl. 420 | 30 | 8 | - | - | - | - | Fl. 451.50 |
| Nat. Ned. C | Fl. 70 | 415 | 1.10 | 137 | 2.50 | 5 | 3.60 | Fl. 66 |
| Nat. Ned. P | Fl. 65 | 133 | 2.20 | - | - | 3 | 3 | Fl. 66 |
| Philips C | Fl. 45 | 1842 | 2 | 1123 | 3 | 175 | 3.90 | Fl. 42.20 |
| Philips P | Fl. 45 | 691 | 3.70 | 81 | 4.50 | 8 | 6 | Fl. 42.20 |
| Royal Dutch C | Fl. 150 | 768 | 2.30 | 214 | 4.20 | - | - | Fl. 142.60 |
| Royal Dutch P | Fl. 140 | 148 | 4 | 14 | 6 | - | - | Fl. 142.60 |
| Unilever C | Fl. 150 | 608 | 6.60 | 18 | 8.70 | 25 | 10.50 b | Fl. 151.60 |
| Unilever P | Fl. 150 | 269 | 3.50 | 8 | 6 | - | - | Fl. 151.60 |
| Van Ommeren C | Fl. 45 | 582 | 4.10 | 5 | 6 | - | - | Fl. 46.30 |
| Van Ommeren P | Fl. 45 | 203 | 2.40 | 2 | 3.40 | 2 | 4.10 | Fl. 46.30 |
| Wessanen C | Fl. 95 | 59 | 2 | - | - | 1 | 5 | Fl. 91.40 |

TOTAL VOLUME IN CONTRACTS : 40,359
A=Ask B=Bid C=Call P=Put

Société Nationale des Chemins de Fer Belges (S.N.C.B.)

Nationale Maatschappij der Belgische Spoorwegen (N.M.B.S.)

US$ 75,000,000 Floating Rate Notes due 1991

guaranteed by The Kingdom of Belgium

(of which US$ 50,000,000 have been issued as an Initial Tranche)

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from July 25, 1989 to October 25, 1989 the Notes will carry an interest rate of 8 15/16 % p.a.

The interest payable on the relevant interest payment date, October 25, 1989 against coupon n°15 will be US$ 2,284.03 per Note of US$ 100,000 nominal and US$ 5,710.07 per note of US$ 250,000 nominal.

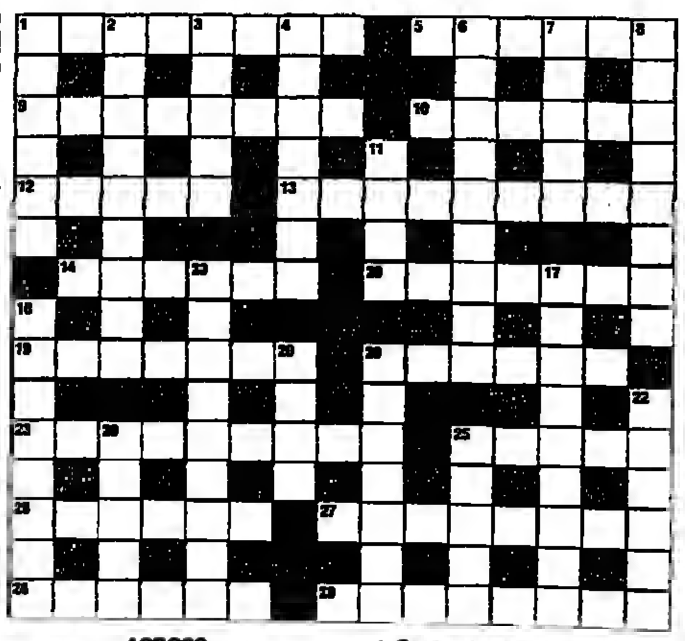
The Agent Bank -

KREDIETBANK S.A. LUXEMBOURGEOISE

JOTTER PAD

## CROSSWORD

No.6,995 Set by DANTE



**ACROSS**

1 Capital gains to a manufacturer? (8)
5 Troops used in support (6)
9 They periodically take self-sacrificing journeys to the sea (8)
10 A film's been made out of it (6)
12 Very small driving area close to New York (5)
13 See my girl going round a seaside resort (4,5)
14 Distorted vowels of Black Country players (6)
16 He mocks a glutton (7)
19 Taken from cover and shot (7)
21 Site my allotment to hinder golfers (6)
23 A new lease isn't strictly necessary (9)
25 He is a pound out on reflection (5)
26 Murder mother for the estate (6)
27 After which competitors come out of their shells (4,4)
28 A foot to assume the solution (6)
29 A shocking swimmer straying all over the place (5-3)

**DOWN**

1 Raise a hand to a superior? (6)
2 The first lieutenant is a less sensitive individual (6,3)
3 Mediterranean island's toplessness observed frostily (5)
4 Gapes at spectacles (7)
6 A collection of service people, perhaps (9)
7 Spending *some* surplus in gold (5)
8 There were many mates in this ship (5,3)
11 A doctor's name (4)
15 Anonymous lover is quite a card (9)
17 Exhibition's not so bad? Ain't it just! (5,4)
18 Rose, as the century drew to a close (8)
20 The prosecutor is on the platform (4)
21 *Everything disposed of* in the open market? (4,3)
22 Tired agent takes shelter inside (6)
24 Simple soul wrong about doctor (5)
25 Carry on playing for the club (5)

Solution to Puzzle No.6,994

# WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

JAPAN

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

ITALY (continued)

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

SINGAPORE

## CANADA

TORONTO

*2pm prices July 25*

## INDICES

NEW YORK DOW JONES

STANDARD AND POOR'S

CANADA

NEW YORK ACTIVE STOCKS

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

Base values of all indices are 100 except Brussels SE and DAX – 1,000; JSE Gold – 255.7; JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

## TOKYO - Most Active Stocks

Tuesday July 25 1989

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Ohbayashi | 37.40m | 1,800 | +40 | Nippon Steel | 22.20m | 867 | +12 |
| Daiwa House | 32.70m | 2,540 | +70 | Sumitomo Con'n | 17.00m | 1,520 | +50 |
| Sekisui House | 30.70m | 2,310 | +40 | Nippon Kayaku | 15.60m | 1,570 | +110 |
| MHI | 28.40m | 1,280 | +30 | NYK Line | 14.10m | 1,100 | +30 |
| Teijin | 26.40m | 980 | +27 | Sumitomo R&D | 13.60m | 2,080 | +10 |

*3pm prices July 25*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 45

هكذا من الأصل

# NYSE COMPOSITE PRICES

Continued from previous Page

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 21⅛ | 14⅞ | QuakSC | .80 | 5.4 | 32 | 765 | 15⅛ | 14⅞ | 14⅞ | − ⅛ |
| 18 | 11⅞ | Quanex | .32 | 2.0 | 7 | 98 | 16 | 15⅞ | 15⅞ | − ⅛ |
| 61⅛ | 25⅞ | Quanx pf | 2.28 | 8.1 | | 10 | 28 | 28 | 28 | |
| 59½ | 37⅞ | Quantm | .3 | 7.5 | 3 | 1004 | 41 | 40 | 40 | −1⅞ |
| 12⅛ | 8⅞ | QstVl | 1.20a | 9.9 | | 116 | 12⅛ | 12⅛ | 12⅛ | |
| 12⅛ | 7⅛ | QstVC | | | | 831 | u12⅞ | 10 | 13⅛ | + ⅛ |
| 39 | 31 | Questar | 1.88 | 5.0 | 28 | 42 | 37⅞ | 37⅞ | 37⅞ | − ⅛ |
| 17⅛ | 10⅛ | QkRelly | .24 | 1.5 | 18 | 96 | 16⅛ | 15⅞ | 15⅞ | + ⅛ |
| | | **— R — R — R —** | | | | | | | | |
| 18 | 10⅛ | RAC In | n1.32 | 12. | | 80 | 11½ | 11⅞ | 11⅛ | |
| 10⅛ | 1⅞ | RAC | 1.09e | 98. | 17 | 66 | 3 | 2⅞ | 2 | + ⅞ |
| 19½ | 5 | RLC | .20b | 2.5 | 8 | 34 | 8⅛ | 8⅞ | 8⅛ | |
| 9⅛ | 7⅛ | RLI Cp | .80 | 4.1 | 9 | 69 | 8⅞ | 8⅞ | 8⅞ | + ⅛ |
| 18⅛ | 14½ | ROC Fd | | | | 43 | 15⅞ | 15⅛ | 15⅞ | + ⅛ |
| 8⅛ | 6 | RPC | | | 21 | 61 | 7⅛ | 7 | 7⅛ | + ⅛ |
| 7½ | 6½ | RPS n | .38e | 6.6 | | 406 | 6 | 5⅞ | 5⅛ | − ⅛ |
| 65⅞ | 29½ | Racal | n1.21e | 2.0 | 75 | 1088 | 60⅛ | 56½ | 59⅛ | |
| 5⅛ | 3⅞ | Radica n | | | | 16 | 4⅞ | 4⅛ | 4⅛ | − ⅛ |
| 96½ | 74½ | RalsPur | 1.66 | 1.7 | 14 | 1158 | 95⅞ | 93⅞ | 95⅞ | +1⅛ |
| 15⅛ | 7½ | Ramad | | | | 2244 | 14⅛ | 14 | 14⅛ | + ⅛ |
| 6½ | 4⅞ | RangrO | | | 48 | 692 | 5⅞ | 5⅛ | 5⅛ | |
| 40 | 26⅛ | Raycm | .32 | .9 | 19 | 366 | 35⅞ | 35⅛ | 35⅛ | − ½ |
| 18⅛ | 9 | RJamF | .20 | 1.1 | 11 | 22 | 18⅛ | 18⅛ | 18⅛ | − ⅛ |
| 21⅛ | 16 | Rayonr | 2.80 | 14. | 6 | 56 | 19⅞ | 19⅛ | 19⅛ | − ⅛ |
| 8⅛ | ½ | vjRaytc | | | | 18 | 1⅛ | 1⅛ | 1⅛ | |
| 77 | 69½ | Raythn | 2.20 | 2.9 | 10 | 744 | 76⅛ | 75⅛ | 75⅞ | + ⅞ |
| 1⅛ | ½ | ReadBt | | | | 316 | ⅞ | ⅞ | 11-16 | −1-16 |
| 4⅛ | 1⅛ | RdBat pf | | | | 20 | 2 | 1⅞ | 1⅛ | − ⅛ |
| 8⅞ | 1⅛ | RdBt pfA | | | | 87 | 1⅞ | 1⅛ | 1⅞ | − ½ |
| 17⅛ | 10⅛ | REIT | 1.38 | 8.4 | 78 | 21 | 16⅞ | 16⅛ | 16½ | − ⅛ |
| 12⅞ | 6½ | RecnEq | | | 22 | 196 | 10 | 9⅛ | 9⅞ | − ⅛ |
| 16⅞ | 9½ | Reebok | .20 | 2.3 | 11 | 1714 | 13⅛ | 12⅛ | 13⅛ | + ⅛ |

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 44⅛ | 29⅛ | XTRA | .72 | 2.3 | 14 | 30 | 31⅞ | 31⅛ | 31⅛ | − ⅛ |
| 32 | 24½ | XTRA pf | 1.94 | 7.2 | | 1 | 22 | 27 | 27 | + ⅛ |
| 4⅛ | 2 | Zapata | | | | 313 | 3⅞ | 3⅛ | 3⅛ | |
| 24⅛ | 19⅛ | ZenithE | | | | 834 | 17⅞ | 17⅛ | 17⅞ | − ⅛ |
| 10⅛ | 6⅞ | Zeninc | 1.28 | 14. | | 318 | 9⅛ | 8⅞ | 9 | − ⅛ |
| 2⅞ | 1⅛ | vjZenLb | | | | 147 | 1⅞ | 1⅛ | 1½ | |
| 21⅛ | 16 | ZenNtl | .84 | 4.4 | 9 | x734 | 19 | 18⅞ | 19 | + ⅛ |
| 22⅛ | 14⅛ | Zero | .50 | 2.4 | 16 | 89 | 21⅛ | 21⅛ | 21⅛ | − ⅛ |
| 48⅞ | 21 | Zurnin | .68 | 3.5 | 21 | 413 | 48⅛ | 48⅛ | 42½ | + ⅛ |
| 11⅛ | 10 | Zweig | 1.09e | 9.5 | | 218 | 11⅛ | 11½ | 11½ | − ⅛ |
| 10⅛ | 8⅞ | Zweig n | .96 | 10. | | 1096 | 9⅞ | 9½ | 9⅞ | |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

# AMEX COMPOSITE PRICES

*3pm prices July 25*

# OVER-THE-COUNTER

*Nasdaq national market, 3pm prices July 25*

| Stock | Div. | Sales 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| Wrthg | .48 | 14 477 | 23⅛ | 22⅞ | 22⅞ | + ⅛ |
| Wyman | .80 | 59 261 | 19 | 18½ | 12⅛ | − ⅛ |
| **— X — Y — Z —** | | | | | | |
| XL Dta s | | 18 517 | 23 | 21 | 21 | −2 |
| XOMA | | 658 | 18½ | 18 | 18⅛ | + ⅛ |
| Xicor | | 8 453 | 3⅞ | 5½ | 5½ | |
| YelowF | .76 | 10 812 | 27 | 26⅞ | 26⅞ | |
| ZionUt | 1.44 | 78 | 26½ | 25½ | 26½ | +1⅛ |
| Zycad | | 40 | 2⅞ | 2⅞ | 2⅞ | |

AMERICA

# Indecision about rally erodes early advance

### Wall Street

EQUITIES fluctuated yesterday as uncertainty grew about whether the recent rally could continue, *writes Janet Bush in New York.*

The Dow Jones Industrial Average piled on 20 points in the morning in a reaction to Monday's 22.38 point loss, but then it began to retrace its steps. At 2 pm, the Dow stood 7.39 points higher at 2,592.37 on volume of 111m shares.

After an explosive rally which has added nearly 7 per cent to the Dow index this month, the market is in two minds about its next move.

While there has seemed to be substantial buying support on any significant dip in the index, some analysts believe there should be a large correction before the market can build extensive gains.

Resistance appeared in the morning whan the Dow breached the 2,600 level, helped on its way up by some bargain-bunting and programmed buying.

June durabla goods orders figures and the latest Employment Cost Index had little impact. Orders rose 0.3 per cent last month, close to analysts' expectations, but fell 0.7 per cent once defence orders were stripped out. The Employment Cost Index rose 1.1 per cent in the second qnarter compared with a 1.2 per cent gain in the first quarter and a 1.1 per cent increase in the second quarter of 1988.

There was some excitement in the bond market, although it did not produce any large price movements. The US Federal Reserve omitted to drain reserves through matched sales agreements as had been widely expected. Fed Funds dipped to 9⅛ per cent amid speculation that the Fed may have initiated its next monetary easing move and that the Fed Funds rate is headed towards 9 per cent.

Bond analysts were undecided about whether the omission of matched sales constituted an easing move, but said that there was at least a suspicion that the Fed had started to allow Fed Funds to drift.

This speculation did not have very much impact on the stock market, because the evidence is preliminary. If the Fed has started to ease policy, it is something of a surprise. There was an equivocal interpretation of yesterday's economic data in the markets and many had thought that the Fed would wait until the August 4 publication of July employment data before initiating another shift in policy.

Tbe picture may become clearer tomorrow, the first day of the new two-week statement period and the day when preliminary second quarter gross national product figures are published.

Among featured issues yesterday was UAL, which rose $7¾ to $184¼ on a press report that Mr Marvin Davis, the Los Angeles investor who previously tried to buy NWA, had built up a 3.5 per cent stake.

AMR benefited from tbe revival of takeover speculation in the airlines sector and rose $1⅝ to $67. NWA, in contrast, fell $⅛ to $120⅛.

Warner Communications fell $1⅛ to $66 and Time lost $1 to $136⅛ following Time's acceptance of 100m shares under its $70 a share tender offer, the first stage of Time's takeover of Warner.

### Canada

BARGAIN-HUNTING on Wall Street helped Toronto add to early gains in a frisky midsession witb industrials and banks helped by expectations of lower interest rates. The composite index rose 14.2 to 3,908.0.

ASIA PACIFIC

# Nikkei climbs to record as turnover swells

### Tokyo

HOPES for a post-election summer rally came a step closer to fulfilment as share prices surged to new highs and volume recovered strongly yesterday, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average advanced 445.57 to a record high of 34,538.90. This is the first time the Nikkei average has reached a new high since May 31.

The market came alive in a surprising turn-round from its recent sluggishness. investors wbo had been waiting for activity to pick up apparently decided that the time was ripe – or simply lost patience – and flooded into the market, raising volume to 1bn shares from Monday's 615m.

This was the first time turnover had surpassed 1bn shares in 38 trading days, while the rise in the Nikkei was one of the biggest gains of the year, analysts said.

The Nikkei reached a high of 34,542.51 after hitting a low of 34,155.79. Advances led declines by 671 to 276 while 140 issues were unchanged.

The Topix index rose a hefty 37.46 to 2,584.07 and, in London trading, the ISE/Nikkei 50 index gained 4.17 to 2,061.22.

The strength of the market on Monday – after tha devastating defeat of the ruling Liberal Democratic Party in elections to the upper house of the Diet (parliament) and the announcement that Prime Minister Sousuke Uno had decided to resign – helped to convince investors that it would be able to withstand negative factors.

Further political uncertainty hangs in the air, but the market appeared to believe that bad news that was out and done with was good news.

The relative stability on the currency markets in the wake of the ruling party'a defeat also helped renew confidence in equities.

Interest continued to focus on housing issues on the assumption that the LDP and other parties would try to appeal to the public by improving housing policy.

Daiwa House surged Y70 to Y2,540 while Sekisui House firmed Y40 to Y2,310. Daiwa was second most actively traded with 32.7m shares and Sekisui followed with 30.7m.

Interest spilled over to the large construction companies. Ohbayashi topped the volumes list with 37.4m shares, rising Y40 to Y1,900.

Retail issues rose after a court injunction halted the issue of new shares by supermarket chains Chujitsuya and Inageya to each other in a defensive move. Real estate company Shuwa was expected to sell its stakes in both stores to a leading retailer, so bringing about a restructuring of the retail sector. Chujitsuya and Inageya ware suspended but Daiei rose Y160 to Y2,980 and Ito Yokado Y80 to Y4,280.

Gains in housing and interest rate-sensitive issnes in Osaka supported a 223.72 point rise in the OSE average. Volume recovered to 93m shares from 51m on Monday.

### Roundup

GOOD NEWS from Tokyo boosted prices in a number of Asia Pacific markets, one or two of tbem breaking a sequence of declines.

HONG KONG rose smartly on low volume, defying domestic and international opinion. "The fundamentals say 'sell, sell, sell' – that the market is going the wrong way," said Mr David Bates of James Capel. Inflation fears, he said, were not helped by yesterday's news that Hong Kong's consumer price index for June rose 11 per cent from a year earlier.

A brightening view of the local property market helped break the losing streak. The Hang Seng index, which lost over 60 points on Friday and Monday, ended yesterday 34.48 points higher at 2,517.02. Yet on Friday it did the reverse, on rumours that the latest government land tender attracted a top bid of HK$2.7bn, at least 10 per cent lower than expected; and Mr Bates notes that private land anctions yesterday attracted prices considerably lower than those in June.

SINGAPORE climbed in relatively good volume. The Straits Times Industrial index rose by 12.47 points to a post-crash high of 1,371.37. The market appears to be concentrating on local prospects which are viewed as strongly bullish, at least in the short-term.

Record property prices, including yesterday's S$1,161 per sq ft for Cecil Court, are a reminder that Hong Kong money and talent is moving into Singapore, said an analyst.

AUSTRALIA was virtually unchanged in quiet trade, before today's local inflation data. The All Ordinaries index edged down 1.1 to 1,606.5, ending a sequence of six advances.

Bond Corp firmed 2 cents to 90 cents with nearly 1m shares traded. Tha UK High Court ruled on Monday that Bond Corp is free to sell its 21.5 per cent stake in Lonrho, which had sought a court order freezing any dealings in the stake.

The property and retail concern, Hooker, tumbled 6 cents to 36 cents on worries about its credit facilities.

SEOUL rose sharply following three consecutive sessions of declines, and the composite index closed at 899.10, up 8.67. Manufacturing sectors led the rally, posting a 1.2 per cent gain in their sectoral index value. Financial shares rose by a smaller 0.7 per cent in the index, in spite of the downward movement of insurance stocks.

### SOUTH AFRICA

AN ABSENCE of incentives left Johannesburg mixed in thin trading. Gold shares were caught in the doldrums in spite of a firm bullion price.

EUROPE

# Frankfurt 'tickled' to another 1989 high

THE direction of Wall Street again provided a lead for many bourses in the absence of news at home, and performances varied from new highs in Frankfurt and Stockholm to thin, weak trading in Zurich, *writes Our Markets Staff.*

FRANKFURT closed at a year's higb after opening mixed and remaining rather subdued in early trade. It gained "a tickle of life in the afternoon," said a salesman, attributing this to optimism that Wall Street would pick up.

He added, bowever, that the market could now face a period of consolidation, especially if the US market were to suffer a significant setback.

The DAX index gained 12.53 to 1,555.83, another high for the year, after a brief decline on Monday. The FAZ index, calculated at midsession, eased 0.65 to 637.75. Turnover was less active tban of late at DM4.78bn.

Schering, the pharmaceuticals concern, was one of the session's few features – "a little hillock in an otherwise flat landscape," said the salesman. It advanced DM36.90, or more than 5 per cent, to DM739.70 in the day's second most active trading. There was renewed speculation that a stakebuilder was at work.

Deutsche Bank, which has also been the subject of a number of rumours recently, continued to firm, adding DM8 to a year's high of DM666. Allianz, which reported good results on Monday and is said to be considering a dividend increase, picked up DM10 to DM2,165.

AMSTERDAM picked np in busier trading worth Fl 876m, helped by the strength of the German market and the firm start in New York. The CBS tendency index added 0.9 to 191.6.

Biotechnology stock Gist Brocades gained Fl 1.40 to Fl 34.60 after trading resumed following its decision to abandon its takeover of rival ACF Holdings. The latter fell Fl 7.50 to Fl 51.50.

Gist was driven mainly by the unwinding of short positions. The boardroom row which appears to have precipitated the dropping of the takeover could lead to Gist itself becoming a bid target, say analysts. There have also been negative noises from some brokers to the effect that a management crisis is bad news when the company faces competition and weaknass in important markets.

Financials were in favour for their defensive qualities as the bourse approached its all-time high; the CBS all-share index closed at 199.6, just below its peak of 199.9 in August 1987.

Cable maker NKF Holdings jumped Fl 19 to Fl 372 on heavy turnover amid rumours of a takeover bid, possibly by a Japanese company.

PARIS had a quieter day, with activity in Eurotunnel again the main feature. The bourse ended at its day's high after a stronger opening on Wall Street; analysts said the underlying tone was positive but many investors were reluctant to jump into the market during the quiat holiday period.

Eurotunnel saw about 3m shares change hands, again very heavy, but the stock steadied after its FFr21.50 drop in the past three trading days. It ended just 10 centimes weaker at FFr90.90. Eurotunnel warrants were the day's most actively traded stock, off 10 centimes at FFr6.95.

The insurance sector continued to see some interest, with Drouot Assurances up FFr2 at FFr468 after its FFr24.80 rise on Monday. There was speculation that the Midi-Axa group might be increasing its stake.

Volume was estimated at a low FFr1.6bn-FFr2bn after only FFr2bn on Monday. The OMF 50 index rose 1.75 to close at the day's high of 504.36 and the CAC 40 index was up 5.67 at 1,791.15. The opening CAC General eased sligbtly from its all-time high on Monday.

MILAN had second thoughts about the impact of politics on share prices. Monday's fears of a new capital gains tax under the Andreotti Government were dismissed; and while the Comit index slipped another 2.16 points to 664.01 after the previous day's 10.91 decline, brokers were now putting both falls down to reaction after a positive run in tbe past six weeks.

The economy is in good shape, said one broker, and corporate earnings for 1989 are expected to be good, but people tend to take profits when the holiday season is coming up. The threat by the new finance minister, Mr Rino Formica, to investigate the possibility of market rigging during Monday's fall was just another reaction, this time of a political kind, he added.

Some shares bncked the downtrend in moderate volume, including retailer Rinascente, np L100 at L6,160.

ZURICH weakened in sluggish trading, depressed by Wall Street's overnigbt fall and slightly higher Swiss interest rates. The Crédit Suisse index slipped 1.3 to 633.3.

CS Holding gained SFr30 to SFr2,650 in busy trading. On Monday, its largest asset, Crédit Suisse bank, predicted an improvement in annual profits.

STOCKHOLM finished at another record high in quiet trading. Early losses were turned around at midday following better than expected producer price figures.

The Affärsvärlden General index rose 4.9 to 1,286.9 – its 12th peak in 14 days.

BRUSSELS ended steady after a quiet session. Sugar refiner Raffinerie Tirlemontoise rose BFr80 to BFr2,520, with 217,000 shares changing hands, as speculation continued that a mystery stakebuilder was at work.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sacha & Co., and County NatWest/Wood Mackenzia in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | MONDAY JULY 24 1989 | | | | | | FRIDAY JULY 21 1989 | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of stocks per grouping | US Dollar Index | Day's Change % | Pound Sterling Index | Local Currency Index | Day's change % local currency | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Local Currency Index | 1989 High | 1989 Low | Year ago (approx) |
| Australia (86) | 138.51 | +0.4 | 126.92 | 123.22 | +0.5 | 4.84 | 138.02 | 126.23 | 122.64 | 157.12 | 128.28 | 150.02 |
| Austria (19) | 124.90 | +0.5 | 114.35 | 123.65 | +0.7 | 1.97 | 124.17 | 113.56 | 122.77 | 127.70 | 92.84 | 65.25 |
| Belgium (63) | 129.10 | −1.7 | 118.29 | 128.78 | −0.5 | 4.25 | 131.33 | 120.11 | 129.38 | 137.10 | 125.58 | 114.26 |
| Canada (124) | 146.22 | −0.3 | 133.99 | 125.84 | −0.2 | 3.20 | 146.60 | 134.09 | 126.12 | 146.60 | 124.67 | 124.51 |
| Denmark (36) | 206.98 | −2.1 | 188.66 | 206.81 | −1.7 | 1.50 | 211.52 | 193.45 | 212.38 | 218.89 | 165.35 | 128.44 |
| Finland (26) | 141.22 | −0.2 | 129.40 | 128.94 | +0.4 | 2.15 | 141.52 | 129.44 | 128.50 | 159.18 | 125.81 | 132.04 |
| France (127) | 125.88 | +0.1 | 115.35 | 127.76 | +0.2 | 2.97 | 125.77 | 115.03 | 127.49 | 125.95 | 112.57 | 92.29 |
| West Germany (100) | 94.80 | −0.3 | 86.37 | 94.09 | −0.2 | 2.17 | 95.08 | 86.96 | 94.24 | 95.32 | 79.58 | 74.40 |
| Hong Kong (49) | 102.88 | −0.6 | 94.27 | 103.11 | −0.8 | 5.20 | 103.53 | 94.69 | 103.77 | 140.33 | 86.41 | 107.74 |
| Ireland (17) | 148.46 | +0.3 | 136.03 | 149.36 | +0.5 | 2.81 | 148.05 | 135.41 | 148.69 | 151.38 | 125.00 | 140.95 |
| Italy (97) | 88.88 | −2.0 | 81.44 | 81.47 | −1.9 | 2.45 | 90.69 | 82.95 | 93.26 | 92.06 | 74.97 | 71.51 |
| Japan (455) | 179.48 | −0.4 | 164.46 | 162.52 | +0.5 | 0.49 | 180.20 | 164.82 | 161.64 | 200.11 | 164.22 | 162.04 |
| Malaysia (36) | 188.20 | +0.1 | 172.45 | 194.32 | +0.2 | 2.47 | 167.97 | 171.92 | 193.98 | 190.26 | 143.35 | 152.90 |
| Mexico (13) | 264.96 | +1.4 | 242.80 | 731.23 | +0.8 | 0.69 | 261.22 | 238.91 | 726.85 | 277.40 | 153.32 | 160.05 |
| Netherland (43) | 124.82 | −0.8 | 114.37 | 122.88 | −0.5 | 4.22 | 125.90 | 114.87 | 123.25 | 125.88 | 110.63 | 105.18 |
| New Zealand (21) | 66.75 | +0.8 | 81.18 | 81.48 | +0.1 | 8.05 | 88.54 | 60.86 | 81.41 | 76.02 | 62.64 | 79.39 |
| Norway (25) | 189.02 | −0.4 | 173.20 | 179.39 | +0.2 | 1.44 | 189.78 | 173.53 | 179.04 | 198.39 | 139.92 | 124.19 |
| Singapore (26) | 165.94 | −0.3 | 152.05 | 149.88 | −0.2 | 1.89 | 166.51 | 152.30 | 150.13 | 169.33 | 124.57 | 131.88 |
| South Africa (60) | 146.43 | +0.5 | 134.18 | 132.55 | −0.8 | 4.06 | 145.71 | 133.26 | 133.41 | 153.27 | 115.35 | 124.03 |
| Spain (43) | 150.83 | −0.2 | 138.21 | 136.78 | +0.0 | 3.76 | 151.19 | 138.28 | 136.76 | 156.17 | 143.14 | 147.81 |
| Sweden (35) | 177.68 | −0.4 | 162.81 | 171.11 | +0.0 | 2.01 | 178.32 | 163.09 | 171.06 | 178.32 | 138.45 | 118.13 |
| Switzerland (63) | 88.36 | +0.9 | 79.13 | 88.07 | +0.8 | 2.18 | 85.60 | 78.29 | 67.33 | 88.36 | 67.81 | 78.72 |
| United Kingdom (311) | 151.18 | −1.2 | 138.51 | 188.51 | −1.0 | 4.24 | 153.02 | 139.95 | 139.95 | 154.10 | 133.28 | 132.53 |
| USA (555) | 135.84 | −0.8 | 124.48 | 135.84 | −0.8 | 3.32 | 136.69 | 125.02 | 136.69 | 136.69 | 112.13 | 108.00 |
| Europe (1005) | 125.76 | −0.8 | 115.23 | 120.44 | −0.8 | 3.42 | 126.75 | 115.93 | 121.16 | 127.17 | 112.63 | 108.35 |
| Nordic (122) | 170.07 | −1.0 | 155.84 | 159.89 | −0.8 | 1.77 | 171.82 | 157.15 | 160.81 | 174.42 | 137.95 | 114.33 |
| Pacific Basin (673) | 175.04 | −0.4 | 160.39 | 158.79 | +0.5 | 0.72 | 175.71 | 160.70 | 157.85 | 194.72 | 180.44 | 159.41 |
| Euro−Pacific (1678) | 155.44 | −0.5 | 142.43 | 143.39 | +0.2 | 1.81 | 156.24 | 142.90 | 143.17 | 164.22 | 141.56 | 137.80 |
| North America (679) | 136.37 | −0.6 | 124.95 | 135.23 | −0.8 | 3.31 | 137.18 | 125.47 | 136.04 | 137.18 | 112.79 | 108.88 |
| Europe Ex. UK (694) | 109.73 | −0.5 | 100.55 | 109.29 | −0.3 | 2.80 | 110.23 | 100.82 | 109.57 | 110.42 | 96.30 | 88.49 |
| Pacific Ex. Japan (218) | 121.82 | +0.0 | 111.62 | 112.00 | +0.1 | 4.88 | 121.81 | 111.41 | 111.81 | 137.85 | 111.93 | 127.73 |
| World Ex. US (1875) | 155.10 | −0.5 | 142.12 | 142.92 | +0.1 | 1.68 | 155.87 | 142.56 | 142.73 | 162.77 | 141.49 | 137.23 |
| World Ex. UK (2119) | 146.81 | −0.5 | 134.53 | 140.69 | +0.0 | 2.02 | 147.50 | 134.81 | 140.72 | 147.50 | 136.98 | 125.27 |
| World Ex. So. Af. (2370) | 147.20 | −0.5 | 134.88 | 140.52 | −0.1 | 2.21 | 148.00 | 135.36 | 140.65 | 148.00 | 136.67 | 125.81 |
| World Ex. Japan (1875) | 132.02 | −0.6 | 120.97 | 129.25 | −0.6 | 3.41 | 132.85 | 121.51 | 129.99 | 132.85 | 114.51 | 106.56 |
| *The World Index (2430)* | *147.18* | −0.5 | *134.87* | 140.46 | −0.1 | 2.22 | 147.98 | 135.34 | 140.88 | 147.98 | 136.88 | 125.90 |

Latest prices ware unavailable for this edition.

# Brazil repairs some of the damage after June plunge

## But trading difficulties remain, writes John Barham

WHEN Brazil's worst stock market scandal sent prices plunging by 54 per cent in early June, most observers agreed that the severe damage would take a long time to repair. Amazingly, prices have picked np, bnt trading is still troubled by underlying difficulties.

The scandal brought a wave of speculation in the stock markets to a halt, forced the resignation of the central bank president, swept away eight insolvent brokerages and ruined innumerable careers.

Mr Naji Robert Nahas and Mr Elmo Camoes Filho, the two speculators at the centre of the affair, are wanted by the police and have not been seen since last Friday. Mr Martin Wimmer, the former head of the atock market regulatory agency, has been charged with two financially-related crimes.

Police investigators, a congressional committee of inquiry and a commission of wise men are arduously trying to reconstruct the events that led to the crash and propose more effective regulations.

On June 9, Mr Nahas, then Brazil's largest stock market speculator, sparked off the crisis by refusing to honour debts of $31.1m, forcing the markets to close for one day. Mr Nahas is said to have accounted for half of the market's turnover.

In the absence of the big time speculators, the stock markets have resumed growth, albeit at a more moderate pace. The value of Brazil's two main bourses has grown by a quarter in dollar terms so far this year, but that compares with phenomenal growth of 131 per cent for the whole of last year.

Mrs Maria Luiza B. Berenguer, an analyst at Brasilpar Servicos Financeiros, a capital venture boutique, explained that investors "have seen that stocks are a good hedge against inflation. Good, well-managed companies with a good market share have shown they can resist well the troubles in the Brazilian economy."

The Sao Paulo Ibovespa composite index of 67 shares has climbed strongly this month. On Monday it closed up 0.3 per cent at 10,917 points. That is 29 per cent more in dollar terms than the low registered on July 3, but still a long way below its 1989 high of 13,274 points registered four days before the market collapsed.

June's plunge in share prices and a surging inflation rate have made equities all the more attractive. But wary traders have shunned the highly speculative shares in Petrobras, the state oil company, and Parapanema SA, a private mining company. These two alone represent 76 per cent of the Ibovespa index, suggesting that the index has underestimated overall trading gains.

The market has sought less liquid shares in private manufacturing companies which it believes offer sound prospects for long-term growth. Investors can find few other safe havens for their money, with inflation expected to rise hy over 1,000 per cent this year.

With equities losing much of their speculative nature, bowever, trading has contracted abruptly. In Rio de Janeiro, where speculation was most intense, daily turnover now averages only $12m to $13m, compared with volumes 10 times greater before the fall. Regulators have alsc closed the share optiona and index futures markets that were the epicentra of speculative market activity. In April, for example, one options exercise generated $1.02bn in trading volume.

Current trading difficulties inclnda rumours of a new round of bankruptcies among brokerages whicb frequently shake the market. The equity market remains extremely narrow: capitalisation in June was eqnivalent to just 11 per cent of gross domestic product.

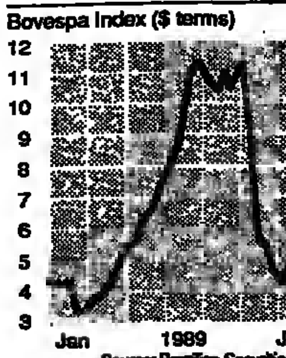
Trading on inside information is as rife as ever. Policing is still lax and small investors have little faith in shares. Fewer companies consider the equity markets as sources of finance: Brazil has 1,000 public listed companies bnt trading is concentrated in a select few.

Consensus is emerging that future stock axchange presidents must be professional managers, instead of being elected from exchange members. Banks and brokerages should he separated, as they are in the US, and rules must be tightened and the regulators given more power and money.

If the Nahas affair prompts any of these overdue changes, then the grief it caused may not have been entirely in vain.

### Brazil: Sao Paulo

Bovespa Index ($ terms)



Source: Brazilian Securities Ltd

THE MEXICAN stock market index jumped 3.7 per cent on Monday to reach 376,554 points following tbe conclnsion of debt negotiations with the commercial banks, *writes Richard Johns in Mexico City.*

Having already anticipated a snccessful ontcome to the talks – which reduces the burden of $52.6bn of public debt *by at least 35 per cent* – dealings on the Bolsa Mexicana de Valores proceeded calmly but with renewed confidence. Trading was lively as 32.6m shares changed hands.

Strong gains were made by stocks quoted on the New York Stock Exchange – the Mexico Fund was np 5.3 per cent, Tamsa (steel pipe manufacturer) 5.2 per cent, and Telmex (the state telecommunications monopoly) 5 per cent.

The market had already risen this year by nearly 80 per cent to last Friday, making it the top performer in the FT-Actuaries World Index. The local index is now not far off its October 1987 all-time high of 387,000.

There was little interest on Monday in Cetes, or 28-day Treasury bonds – the predominant money market instrument and main source of government financing – on the secondary market.